

By Mr. SEARS: A bill (H. R. 10153) granting a pension to George Gwynne; to the Committee on Pensions.

Also, a bill (H. R. 10154) granting a pension to Narcissa A. Grant; to the Committee on Pensions.

By Mr. SLEMP: A bill (H. R. 10155) granting a pension to Pleasant D. Cooper; to the Committee on Pensions.

By Mr. CHARLES B. SMITH: A bill (H. R. 10156) granting a pension to John Moc t, jr.; to the Committee on Pensions.

By Mr. SNOOK: A bill (H. R. 10157) granting an increase of pension to Frank B. Gorman; to the Committee on Pensions.

By Mr. STEPHENS of Mississippi: A bill (H. R. 10158) to allow credits in the accounts of certain disbursing officers of the Army; to the Committee on Claims.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER (by request): Resolutions of the Child Culture Club, Ogden, Utah; the Mishawaka Woman's Club, Mishawaka, Ind.; and the Woman's Improvement Club, Corona, Cal., urging the repeal of the second-class postage provisions of the war-revenue act; to the Committee on Ways and Means.

By Mr. CARY: Resolutions of the Newton Federation of Women's Clubs, Newtonville, Mass.; the Mishawaka (Ind.) Woman's Club; and the Child Culture Club, Ogden, Utah, asking for the repeal of the periodical postage provisions of the war-revenue act; to the Committee on Ways and Means.

Also, resolution of the German-American Central Verein, of Spokane, Wash., protesting against the passage of a law to rescind the charter of the German-American Alliance of the United States of America; to the Committee on the Judiciary.

By Mr. CLARK of Pennsylvania: Petition of Anna Foley, Margaret Walthausen, Minnie Kutz, A. G. Hansen, and 18 others, officers and members of Lounsbury Hive, No. 14, Macabees, favoring passage of House bill 7995, for the preservation of the Niagara, Commodore Perry's flagship in the Battle of Lake Erie; to the Committee on Military Affairs.

By Mr. DALE of New York: Petition of Newton Federation of Women's Clubs, of Newtonville, and Progressive, Literary, and Fraternal Club of Bellingham, Wash., against increase on second-class mail rates; to the Committee on Ways and Means.

Also, petition of Hon. P. Hall Packer, of Sea Bright, N. J., favoring legislation for the protection of the beach at Sea Bright, N. J.; to the Committee on the Merchant Marine and Fisheries.

Also, petition of Woman's Improvement Club, of Corona, Cal., and Child Culture Club of Ogden, Utah, against increase in second-class postage; to the Committee on Ways and Means.

By Mr. FOSTER: Petitions of Woman's Christian Temperance Union and Woman's Club of Kinmundy, and citizens of Kell, Ill., urging repeal of the second-class postage rate; to the Committee on Ways and Means.

By Mr. FULLER of Illinois: Petitions of the Newton Federation of Women's Clubs, of Newtonville, Mass.; the Child Culture Club of Ogden, Utah; and the Woman's Improvement Club of Corona, Cal., for the repeal of the second-class postage provisions of the war-revenue act; to the Committee on Ways and Means.

Also, memorial of the Farmers Cooperative Grain Dealers' Association of Iowa, relative to the pending railroad bill; to the Committee on Interstate and Foreign Commerce.

By Mr. HAMILTON of New York: Evidence to accompany H. R. 10042, granting an increase of pension to James Stapleton; to the Committee on Pensions.

By Mr. KIESS of Pennsylvania: Testimony in support of H. R. 9801, for the relief of Susie A. Van Kirk; to the Committee on Naval Affairs.

Also, evidence in support of House bill 9542, granting a pension to Uriah Adams; to the Committee on Invalid Pensions.

By Mr. SNEEL: Petition of citizens of Madrid, N. Y., urging favorable action on national emergency war prohibition; to the Committee on the Judiciary.

Also, petition of pharmacists of Dannemora, N. Y., and vicinity, urging support of the Edmonds bill (H. R. 5531) to increase the efficiency of the Medical Department of the United States Army, to provide a pharmaceutical corps in that department, and to improve the status and efficiency of the pharmacists in the Army; to the Committee on Military Affairs.

By Mr. TILSON: Petition of Connecticut Council of Defense, favoring passage of Senate bill 1786, relating to the Medical Corps in the Army; to the Committee on Military Affairs.

By Mr. VARE: Memorial of the Commercial Exchange of Philadelphia, Pa., in support of the resolutions of the Atlantic Deeper Waterways Association; to the Committee on Rivers and Harbors.

#### SENATE.

FRIDAY, February 22, 1918.

(Legislative day of Thursday, February 21, 1918.)

The Senate met at 11 o'clock a. m.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Beckham	Jones, N. Mex.	Nugent	Smoot
Culberson	Jones, Wash.	Overman	Sterling
Curtis	Kellogg	Owen	Stone
Dillingham	Kendrick	Page	Sutherland
Fernald	Kenyon	Poin Dexter	Swanson
Fletcher	King	Ransdell	Thomas
Frelinghuysen	Kirby	Reed	Tillman
Gallinger	Knox	Robinson	Townsend
Gerry	Lewis	Shafroth	Trammell
Hale	McKellar	Sheppard	Vardaman
Hardwick	McNary	Sherman	Warren
Henderson	Martin	Smith, Ga.	Williams
Hollis	New	Smith, Md.	
Johnson, S. Dak.	Norris	Smith, S. C.	

Mr. McNARY. I wish to announce the absence of my colleague [Mr. CHAMBERLAIN] on account of illness.

Mr. LEWIS. Permit me to announce the absence of the Senator from Kentucky [Mr. JAMES] and the Senator from Oregon [Mr. CHAMBERLAIN], occasioned by personal illness. I ask to have the announcement stand for the day.

Mr. SUTHERLAND. My colleague, the senior Senator from West Virginia [Mr. GOFF], is absent owing to illness. I ask that this announcement may stand for the day.

Mr. MCKELLAR. I desire to announce the absence of the senior Senator from Tennessee [Mr. SHIELDS] on public business.

The VICE PRESIDENT. Fifty-four Senators have answered to the roll call. There is a quorum present.

Among the rules of the Senate is the following rule:

No request by a Senator for unanimous consent for the taking of a final vote on a specified date upon the passage of a bill or joint resolution shall be submitted to the Senate for agreement thereto until, upon a roll call ordered for the purpose by the presiding officer, it shall be disclosed that a quorum of the Senate is present; and when a unanimous consent is thus given, the same shall operate as the order of the Senate, but any unanimous consent may be revoked by another unanimous consent granted in the manner prescribed above upon one day's notice.

In accordance with that rule, the Senate entered into this unanimous-consent agreement:

It is agreed, by unanimous consent, that at not later than 2 o'clock p. m., on the legislative day of Thursday, February 21, 1918, the Senate will proceed to vote upon any amendment that may be pending, any amendment that may be offered, and upon the bill S. 3752, a bill to provide for the operation of transportation systems while under Federal control, for the just compensation of their owners, and for other purposes, through the regular parliamentary stages to its final disposition; and that from and after the hour of 2 o'clock p. m. up to the hour of 6 o'clock p. m. of the calendar day of Thursday, February 21, 1918, no Senator shall speak more than once or longer than 10 minutes upon the bill or any amendment offered thereto; and that after the last-named hour on the said calendar day of Thursday, February 21, 1918, no Senator shall speak more than once or longer than 5 minutes upon the bill or any amendment offered thereto.

It will be observed that by this unanimous-consent agreement the bill (S. 3752) must proceed to its final disposition through the regular parliamentary stages during the legislative day of February 21, 1918. The Senate held until 6 o'clock of the calendar day of February 21, 1918, at which time the right to 10-minute speeches upon the bill or any amendment thereto expired. It then recessed until to-day, the calendar day of February 22, at the hour of 11 o'clock a. m. This still being the legislative day of February 21, 1918, there is nothing in the unanimous-consent agreement that requires a vote to be taken at any definite hour upon the legislative day of February 21, 1918.

There is another order of the Senate made in the year 1901 to the effect that, unless otherwise ordered, on the 22d day of February in each year, or if that day shall be on Sunday, then on the day following, immediately after the reading of the Journal, Washington's Farewell Address shall be read to the Senate by a Senator to be designated for the purpose by the presiding officer.

The Chair is confronted by two orders of the Senate. If they could not be construed together so as to keep each of them in force the Chair would be compelled to hold that the unanimous-consent agreement touching the pending bill took precedence. But the Chair does not believe that there is any conflict between the two agreements in view of the fact that no Senator can lose any right. The debate will not thereby be cut off if the Chair shall hold that the order with reference to the reading of Washington's Farewell Address is in order. The Chair believes it is in order, and unless there be an appeal taken from

the Chair the Senator from Rhode Island [Mr. GERRY] will now be directed to read the Farewell Address of George Washington, and at the conclusion of it the Senate will proceed to the consideration of the unfinished business under the unanimous-consent agreement, and will continue the consideration thereof unless the Senate chooses to recess until to-morrow.

Mr. STONE. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. STONE. At the conclusion of the reading of the Farewell Address of George Washington the unfinished business will either upon the request of the Senator in charge or automatically come before the Senate. Now, at that point I inquire whether it would not be in order for the Senator from South Carolina [Mr. SMITH], or any other Senator for that matter, but I say especially the Senator from South Carolina, as he is in charge of this legislation, to move a recess of the Senate until such hour as he may name to-morrow?

The VICE PRESIDENT. That is just what the Chair ruled.

Mr. STONE. I was not quite clear as to the Chair's ruling.

The VICE PRESIDENT. That is what the Chair ruled. Is there any objection to the ruling of the Chair? The Chair hears none. The Senator from Rhode Island will read the Farewell Address of George Washington.

#### READING OF WASHINGTON'S FAREWELL ADDRESS.

Mr. GERRY read the address, as follows:

*To the people of the United States.*

FRIENDS AND FELLOW CITIZENS: The period for a new election of a citizen to administer the executive government of the United States being not far distant, and the time actually arrived when your thoughts must be employed in designating the person who is to be clothed with that important trust, it appears to me proper, especially as it may conduce to a more distinct expression of the public voice, that I should now apprise you of the resolution I have formed, to decline being considered among the number of those, out of whom a choice is to be made.

I beg you, at the same time, to do me the justice to be assured, that this resolution has not been taken, without a strict regard to all the considerations appertaining to the relation which binds a dutiful citizen to his country; and that, in withdrawing the tender of service which silence in my situation might imply, I am influenced by no diminution of zeal for your future interest; no deficiency of grateful respect for your past kindness; but am supported by a full conviction that the step is compatible with both.

The acceptance of, and continuance hitherto in the office to which your suffrages have twice called me, have been a uniform sacrifice of inclination to the opinion of duty, and to a deference for what appeared to be your desire. I constantly hoped that it would have been much earlier in my power, consistently with motives which I was not at liberty to disregard, to return to that retirement from which I had been reluctantly drawn. The strength of my inclination to do this, previous to the last election, had even led to the preparation of an address to declare it to you; but mature reflection on the then perplexed and critical posture of our affairs with foreign nations, and the unanimous advice of persons entitled to my confidence, impelled me to abandon the idea.

I rejoice that the state of your concerns external as well as internal, no longer renders the pursuit of inclination incompatible with the sentiment of duty or propriety; and am persuaded, whatever partiality may be retained for my services, that in the present circumstances of our country, you will not disapprove my determination to retire.

The impressions with which I first undertook the arduous trust, were explained on the proper occasion. In the discharge of this trust, I will only say that I have, with good intentions, contributed towards the organization and administration of the government, the best exertions of which a very fallible judgment was capable. Not unconscious in the outset, of the inferiority of my qualifications, experience, in my own eyes, perhaps still more in the eyes of others, has strengthened the motives to diffidence of myself; and, every day, the increasing weight of years admonishes me more and more, that the shade of retirement is as necessary to me as it will be welcome. Satisfied that if any circumstances have given peculiar value to my services they were temporary, I have the consolation to believe that, while choice and prudence invite me to quit the political scene, patriotism does not forbid it.

In looking forward to the moment which is to terminate the career of my political life, my feelings do not permit me to suspend the deep acknowledgment of that debt of gratitude which I owe to my beloved country, for the many honors it has conferred upon me; still more for the steadfast confidence with which it has supported me; and for the opportunities I have

thence enjoyed of manifesting my inviolable attachment, by services faithful and persevering, though in usefulness unequal to my zeal. If benefits have resulted to our country from these services, let it always be remembered to your praise, and as an instructive example in our annals, that under circumstances in which the passions, agitated in every direction, were liable to mislead amidst appearances sometimes dubious, vicissitudes of fortune often discouraging—in situations in which not unfrequently, want of success has countenanced the spirit of criticism,—the constancy of your support was the essential prop of the efforts and a guarantee of the plans, by which they were effected. Profoundly penetrated with this idea, I shall carry it with me to my grave, as a strong incitement to unceasing vows that heaven may continue to you the choicest tokens of its beneficence—that your union and brotherly affection may be perpetual—that the free constitution, which is the work of your hands, may be sacredly maintained—that its administration in every department may be stamped with wisdom and virtue—that, in fine, the happiness of the people of these states, under the auspices of liberty, may be made complete by so careful a preservation, and so prudent a use of this blessing, as will acquire to them the glory of recommending it to the applause, the affection and adoption of every nation which is yet a stranger to it.

Here, perhaps, I ought to stop. But a solicitude for your welfare, which cannot end but with my life, and the apprehension of danger, natural to that solicitude, urge me, on an occasion like the present, to offer to your solemn contemplation, and to recommend to your frequent review, some sentiments which are the result of much reflection, of no inconsiderable observation, and which appear to me all important to the permanency of your felicity as a people. These will be offered to you with the more freedom, as you can only see in them the disinterested warnings of a parting friend, who can possibly have no personal motive to bias his counsel. Nor can I forget, as an encouragement to it, your indulgent reception of my sentiments on a former and not dissimilar occasion.

Interwoven as is the love of liberty with every ligament of your hearts, no recommendation of mine is necessary to fortify, or confirm the attachment.

The unity of government which constitutes you one people, is also now dear to you. It is justly so; for it is a main pillar in the edifice of your real independence; the support of your tranquillity at home; your peace abroad; of your safety; of your prosperity; of that very liberty which you so highly prize. But, as it is easy to foresee that, from different causes and from different quarters much pains will be taken, many artifices employed, to weaken in your minds the conviction of this truth; as this is the point in your political fortress against which the batteries of internal and external enemies will be most constantly and actively (though often covertly and insidiously) directed; it is of infinite moment, that you should properly estimate the immense value of your national union to your collective and individual happiness; that you should cherish a cordial, habitual, and immovable attachment to it; accustoming yourselves to think and speak of it as of the palladium of your political safety and prosperity; watching for its preservation with jealous anxiety; discountenancing whatever may suggest even a suspicion that it can, in any event, be abandoned; and indignantly frowning upon the first dawning of every attempt to alienate any portion of our country from the rest, or to enfeeble the sacred ties which now link together the various parts.

For this you have every inducement of sympathy and interest. Citizens by birth, or choice, of a common country, that country has a right to concentrate your affections. The name of American, which belongs to you in your national capacity, must always exalt the just pride of patriotism, more than any appellation derived from local discriminations. With slight shades of difference, you have the same religion, manners, habits, and political principles. You have, in a common cause, fought and triumphed together; the independence and liberty you possess, are the work of joint counsels, and joint efforts, of common dangers, sufferings and successes.

But these considerations, however powerfully they address themselves to your sensibility, are greatly outweighed by those which apply more immediately to your interest.—Here, every portion of our country finds the most commanding motives for carefully guarding and preserving the union of the whole.

The north, in an unrestrained intercourse with the south, protected by the equal laws of a common government, finds in the productions of the latter, great additional resources of maritime and commercial enterprise, and precious materials of manufacturing industry.—The south, in the same intercourse, benefiting by the same agency of the north, sees its agriculture grow



and its commerce expand. Turning partly into its own channels the seamen of the north, it finds its particular navigation invigorated; and while it contributes, in different ways, to nourish and increase the general mass of the national navigation, it looks forward to the protection of a maritime strength, to which itself is unequally adapted. The east, in a like intercourse with the west, already finds, and in the progressive improvement of interior communications by land and water, will more and more find a valuable vent for the commodities which it brings from abroad, or manufactures at home. The west derives from the east supplies requisite to its growth and comfort—and what is perhaps of still greater consequence, it must of necessity owe the secure enjoyment of indispensable outlets for its own productions, to the weight, influence, and the future maritime strength of the Atlantic side of the Union, directed by an indissoluble community of interest as one nation. Any other tenure by which the west can hold this essential advantage, whether derived from its own separate strength; or from an apostate and unnatural connection with any foreign power, must be intrinsically precarious.

While then every part of our country thus feels an immediate and particular interest in union, all the parts combined cannot fail to find in the united mass of means and efforts, greater strength, greater resource, proportionably greater security from external danger, a less frequent interruption of their peace by foreign nations; and, what is of inestimable value, they must derive from union, an exemption from those broils and wars between themselves, which so frequently afflict neighboring countries not tied together by the same government; which their own rivalry alone would be sufficient to produce, but which opposite foreign alliances, attachments, and intrigues, would stimulate and embitter.—Hence likewise, they will avoid the necessity of those overgrown military establishments, which under any form of government are inauspicious to liberty, and which are to be regarded as particularly hostile to republican liberty. In this sense it is, that your union ought to be considered as a main prop of your liberty, and that the love of the one ought to endear to you the preservation of the other.

These considerations speak a persuasive language to every reflecting and virtuous mind, and exhibit the continuance of the union as a primary object of patriotic desire. Is there a doubt whether a common government can embrace so large a sphere? let experience solve it. To listen to mere speculation in such a case were criminal. We are authorized to hope that a proper organization of the whole, with the auxiliary agency of governments for the respective subdivisions, will afford a happy issue to the experiment. It is well worth a fair and full experiment. With such powerful and obvious motives to union, affecting all parts of our country, while experience shall not have demonstrated its impracticability, there will always be reason to distrust the patriotism of those who, in any quarter, may endeavor to weaken its bands.

In contemplating the causes which may disturb our Union, it occurs as matter of serious concern, that any ground should have been furnished for characterizing parties by geographical discrimination,—northern and southern,—Atlantic and western; whence designing men may endeavor to excite a belief that there is a real difference of local interests and views. One of the expedients of party to acquire influence within particular districts, is to misrepresent the opinions and aims of other districts. You cannot shield yourselves too much against the jealousies and heart burnings which spring from these misrepresentations; they tend to render alien to each other those who ought to be bound together by fraternal affection. The inhabitants of our western country have lately had a useful lesson on this head: they have seen, in the negotiation by the executive, and in the unanimous ratification by the senate of the treaty with Spain, and in the universal satisfaction at the event throughout the United States, a decisive proof how unfounded were the suspicions propagated among them of a policy in the general government and in the Atlantic states, unfriendly to their interests in regard to the Mississippi. They have been witnesses to the formation of two treaties, that with Great Britain and that with Spain, which secure to them everything they could desire, in respect to our foreign relations, towards confirming their prosperity. Will it not be their wisdom to rely for the preservation of these advantages on the union by which they were procured? will they not henceforth be deaf to those advisers, if such they are, who would sever them from their brethren and connect them with aliens?

To the efficacy and permanency of your Union, a government for the whole is indispensable. No alliances, however strict, between the parts can be an adequate substitute; they must inevitably experience the infractions and interruptions which all alliances, in all times, have experienced. Sensible of this

momentous truth, you have improved upon your first essay, by the adoption of a constitution of government, better calculated than your former, for an intimate union, and for the efficacious management of your common concerns. This government, the offspring of our own choice, uninfluenced and unawed, adopted upon full investigation and mature deliberation, completely free in its principles, in the distribution of its powers, uniting security with energy, and containing within itself a provision for its own amendment, has a just claim to your confidence and your support. Respect for its authority, compliance with its laws, acquiescence in its measures, are duties enjoined by the fundamental maxims of true liberty. The basis of our political systems is the right of the people to make and to alter their constitutions of government.—But the constitution which at any time exists, until changed by an explicit and authentic act of the whole people, is sacredly obligatory upon all. The very idea of the power, and the right of the people to establish government, presuppose the duty of every individual to obey the established government.

All obstructions to the execution of the laws, all combinations and associations under whatever plausible character, with the real design to direct, control, counteract, or awe the regular deliberations and action of the constituted authorities, are destructive of this fundamental principle, and of fatal tendency.—They serve to organize faction, to give it an artificial and extraordinary force, to put in the place of the delegated will of the nation the will of party, often a small but artful and enterprising minority of the community; and, according to the alternate triumphs of different parties, to make the public administration the mirror of the ill concerted and incongruous projects of faction, rather than the organ of consistent and wholesome plans digested by common councils, and modified by mutual interests.

However combinations or associations of the above description may now and then answer popular ends, they are likely, in the course of time and things, to become potent engines, by which cunning, ambitious, and unprincipled men, will be enabled to subvert the power of the people, and to usurp for themselves the reins of government; destroying afterwards the very engines which have lifted them to unjust dominion.

Towards the preservation of your Government and the permanency of your present happy state, it is requisite, not only that you steadily discountenance irregular opposition to its acknowledged authority, but also that you resist with care the spirit of innovation upon its principles, however specious the pretext. One method of assault may be to effect, in the forms of the constitution, alterations which will impair the energy of the system; and thus to undermine what cannot be directly overthrown. In all the changes to which you may be invited, remember that time and habit are at least as necessary to fix the true character of governments, as of other human institutions: that experience is the surest standard by which to test the real tendency of the existing constitution of a country: that facility in changes, upon the credit of mere hypothesis and opinion, exposes to perpetual change from the endless variety of hypothesis and opinion; and remember, especially, that for the efficient management of your common interests in a country so extensive as ours, a government of as much vigor as is consistent with the perfect security of liberty is indispensable. Liberty itself will find in such a government, with powers properly distributed and adjusted, its surest guardian. It is, indeed, little else than a name, where the government is too feeble to withstand the enterprises of faction, to confine each member of the society within the limits prescribed by the laws, and to maintain all in the secure and tranquil enjoyment of the rights of person and property.

I have already intimated to you the danger of parties in the state, with particular reference to the founding them on geographical discrimination. Let me now take a more comprehensive view, and warn you in the most solemn manner against the baneful effects of the spirit of party generally.

This spirit, unfortunately, is inseparable from our nature, having its root in the strongest passions of the human mind. It exists under different shapes in all governments, more or less stifled, controlled, or repressed; but in those of the popular form it is seen in its greatest rankness, and is truly their worst enemy.

The alternate domination of one faction over another, sharpened by the spirit of revenge natural to party dissension, which in different ages and countries has perpetrated the most horrid enormities, is itself a frightful despotism—but this leads at length to a more formal and permanent despotism. The disorders and miseries which result gradually incline the minds of men to seek security and repose in the absolute power of an individual; and sooner or later the chief of some prevailing



faction, more able or more fortunate than his competitors, turns this disposition to the purpose of his own elevation on the ruins of public liberty.

Without looking forward to an extremity of this kind (which nevertheless ought not to be entirely out of sight), the common and continual mischiefs of the spirit of party are sufficient to make it the interest and duty of a wise people to discourage and restrain it.

It serves always to distract the public councils and enfeeble the public administration. It agitates the community with ill-founded jealousies and false alarms; kindles the animosity of one part against another; foment occasional riot and insurrection. It opens the door to foreign influence and corruption, which finds a facilitated access to the Government itself through the channels of party passions. Thus the policy and the will of one country are subjected to the policy and will of another.

There is an opinion that parties in free countries are useful checks upon the administration of the Government and serve to keep alive the spirit of liberty. This within certain limits is probably true, and in governments of a monarchical cast patriotism may look with indulgence, if not with favor, upon the spirit of party. But in those of the popular character, in governments purely elective, it is a spirit not to be encouraged. From their natural tendency it is certain there will always be enough of that spirit for every salutary purpose. And there being constant danger of excess, the effort ought to be, by force of public opinion, to mitigate and assuage it. A fire not to be quenched, it demands a uniform vigilance to prevent it bursting into a flame, lest instead of warming it should consume.

It is important likewise, that the habits of thinking in a free country should inspire caution in those intrusted with its administration, to confine themselves within their respective constitutional spheres, avoiding in the exercise of the powers of one department, to encroach upon another. The spirit of encroachment tends to consolidate the powers of all the departments in one, and thus to create, whatever the form of government, a real despotism. A just estimate of that love of power and proneness to abuse it which predominate in the human heart, is sufficient to satisfy us of the truth of this position. The necessity of reciprocal checks in the exercise of political power, by dividing and distributing it into different depositories, and constituting each the guardian of the public weal against invasions of the others, has been evinced by experiments ancient and modern: some of them in our country and under our own eyes. To preserve them must be as necessary as to institute them. If, in the opinion of the people, the distribution or modification of the constitutional powers be in any particular wrong, let it be corrected by an amendment in the way which the constitution designates. But let there be no change by usurpation; for though this, in one instance, may be the instrument of good, it is the customary weapon by which free governments are destroyed. The precedent must always greatly overbalance in permanent evil, any partial or transient benefit which the use can at any time yield.

Of all the dispositions and habits which lead to political prosperity, religion and morality are indispensable supports. In vain would that man claim the tribute of patriotism, who should labor to subvert these great pillars of human happiness, these firmest props of the duties of men and citizens. The mere politician, equally with the pious man, ought to respect and to cherish them. A volume could not trace all their connections with private and public felicity. Let it simply be asked, where is the security for property, for reputation, for life, if the sense of religious obligation desert the oaths which are the instruments of investigation in courts of justice? And let us with caution indulge the supposition that morality can be maintained without religion. Whatever may be conceded to the influence of refined education on minds of peculiar structure, reason and experience both forbid us to expect, that national morality can prevail in exclusion of religious principle.

It is substantially true, that virtue or morality is a necessary spring of popular government. The rule, indeed, extends with more or less force to every species of free government. Who that is a sincere friend to it can look with indifference upon attempts to shake the foundations of the fabric?

Promote, then, as an object of primary importance, institutions for the general diffusion of knowledge. In proportion as the structure of a government gives force to public opinion, it should be enlightened.

As a very important source of strength and security, cherish public credit. One method of preserving it is to use it as sparingly as possible, avoiding occasions of expense by cultivating peace, but remembering, also, that timely disbursements, to prepare for danger, frequently prevent much greater disbursements to repel it; avoiding likewise the accumulation of debt,

not only by shunning occasions of expense, but by vigorous exertions, in time of peace, to discharge the debts which unavoidable wars may have occasioned, not ungenerously throwing upon posterity the burden which we ourselves ought to bear. The execution of these maxims belongs to your representatives, but it is necessary that public opinion should co-operate. To facilitate to them the performance of their duty, it is essential that you should practically bear in mind, that towards the payment of debts there must be revenue; that to have revenue there must be taxes; that no taxes can be devised which are not more or less inconvenient and unpleasant; that the intrinsic embarrassment inseparable from the selection of the proper object (which is always a choice of difficulties,) ought to be a decisive motive for a candid construction of the conduct of the government in making it, and for a spirit of acquiescence in the measures for obtaining revenue, which the public exigencies may at any time dictate.

Observe good faith and justice toward all nations; cultivate peace and harmony with all. Religion and morality enjoin this conduct, and can it be that good policy does not equally enjoin it? It will be worthy of a free, enlightened, and, at no distant period, a great nation, to give to mankind the magnanimous and too novel example of a people always guided by an exalted justice and benevolence. Who can doubt but, in the course of time and things, the fruits of such a plan would richly repay any temporary advantages which might be lost by a steady adherence to it; can it be that Providence has not connected the permanent felicity of a nation with its virtue? The experiment, at least, is recommended by every sentiment which ennobles human nature. Alas! is it rendered impossible by its vices?

In the execution of such a plan, nothing is more essential than that permanent, inveterate antipathies against particular nations and passionate attachments for others, should be excluded; and that, in place of them, just and amicable feelings toward all should be cultivated. The nation which indulges toward another an habitual hatred, or an habitual fondness, is in some degree a slave. It is a slave to its animosity or to its affection, either of which is sufficient to lead it astray from its duty and its interest. Antipathy in one nation against another disposes each more readily to offer insult and injury, to lay hold of slight causes of umbrage, and to be haughty and intractable when accidental or trifling occasions of dispute occur. Hence, frequent collisions, obstinate, envenomed, and bloody contests. The nation, prompted by ill will and resentment, sometimes impels to war the government, contrary to the best calculations of policy. The government sometimes participates in the national propensity, and adopts through passion what reason would reject; at other times it makes the animosity of the nation subservient to projects of hostility, instigated by pride, ambition, and other sinister and pernicious motives. The peace often, sometimes perhaps the liberty of nations, has been the victim.

So likewise, a passionate attachment of one nation for another produces a variety of evils. Sympathy for the favorite nation, facilitating the illusion of an imaginary common interest, in cases where no real common interest exists, and infusing into one the enmities of the other, betrays the former into a participation in the quarrels and wars of the latter, without adequate inducements or justifications. It leads also to concessions, to the favorite nation, of privileges denied to others, which is apt doubly to injure the nation making the concessions, by unnecessarily parting with what ought to have been retained, and by exciting jealousy, ill will, and a disposition to retaliate in the parties from whom equal privileges are withheld; and it gives to ambitious, corrupted or deluded citizens who devote themselves to the favorite nation, facility to betray or sacrifice the interests of their own country, without odium, sometimes even with popularity; gilding with the appearances of a virtuous sense of obligation, a commendable deference for public opinion, or a laudable zeal for public good, the base or foolish compliances of ambition, corruption, or infatuation.

As avenues to foreign influence in innumerable ways, such attachments are particularly alarming to the truly enlightened and independent patriot. How many opportunities do they afford to tamper with domestic factions, to practice the arts of seduction, to mislead public opinion, to influence or awe the public councils! Such an attachment of a small or weak, toward a great and powerful nation, dooms the former to be the satellite of the latter.

Against the insidious wiles of foreign influence, (I conjure you to believe me fellow citizens,) the jealousy of a free people ought to be constantly awake; since history and experience prove, that foreign influence is one of the most baneful foes of republican government. But that jealousy, to be useful, must be impartial, else it becomes the instrument of the very influ-



ence to be avoided, instead of a defense against it. Excessive partiality for one foreign nation and excessive dislike for another, cause those whom they actuate to see danger only on one side, and serve to veil and even second the arts of influence on the other. Real patriots, who may resist the intrigues of the favorite, are liable to become suspected and odious; while its tools and dupes usurp the applause and confidence of the people, to surrender their interests.

The great rule of conduct for us in regard to foreign nations is in extending our commercial relations to have with them as little political connection as possible. So far as we have already formed engagements let them be fulfilled with perfect good faith. Here let us stop.

Europe has a set of primary interests which to us have none or a very remote relation. Hence she must be engaged in frequent controversies, the causes of which are essentially foreign to our concerns. Hence, therefore, it must be unwise in us to implicate ourselves by artificial ties in the ordinary vicissitudes of her politics or the ordinary combinations and collisions of her friendships or enmities.

Our detached and distant situation invites and enables us to pursue a different course. If we remain one people under an efficient government the period is not far off when we may defy material injury from external annoyance; when we may take such an attitude as will cause the neutrality we may at any time resolve upon to be scrupulously respected; when belligerent nations, under the impossibility of making acquisitions upon us, will not lightly hazard the giving us provocation, when we may choose peace or war, as our interest, guided by justice, shall counsel.

Why forego the advantages of so peculiar a situation? Why quit our own to stand upon foreign ground? Why, by interweaving our destiny with that of any part of Europe, entangle our peace and prosperity in the toils of European ambition, rivalry, interest, humor, or caprice?

It is our true policy to steer clear of permanent alliance with any portion of the foreign world; so far, I mean, as we are now at liberty to do it; for let me not be understood as capable of patronizing infidelity to existing engagements. I hold the maxim no less applicable to public than private affairs, that honesty is always the best policy. I repeat it, therefore, let those engagements be observed in their genuine sense. But in my opinion, it is unnecessary, and would be unwise to extend them.

Taking care always to keep ourselves by suitable establishments, on a respectable defensive posture, we may safely trust to temporary alliances for extraordinary emergencies.

Harmony and a liberal intercourse with all nations, are recommended by policy, humanity, and interest. But even our commercial policy should hold an equal and impartial hand; neither seeking nor granting exclusive favors or preferences; consulting the natural course of things; diffusing and diversifying by gentle means the streams of commerce, but forcing nothing; establishing with powers so disposed in order to give trade a stable course, to define the rights of our merchants, and to enable the Government to support them, conventional rules of intercourse, the best that present circumstances and mutual opinion will permit, but temporary, and liable to be from time to time abandoned or varied as experience and circumstances shall dictate; constantly keeping in view that it is folly in one nation to look for disinterested favors from another; that it must pay with a portion of its independence for whatever it may accept under that character; that by such acceptance, it may place itself in the condition of having given equivalents for nominal favors, and yet of being reproached with ingratitude for not giving more. There can be no greater error than to expect, or calculate upon real favors from nation to nation. It is an illusion which experience must cure, which a just pride ought to discard.

In offering to you, my countrymen, these counsels of an old and affectionate friend, I dare not hope they will make the strong and lasting impression I could wish; that they will control the usual current of the passions, or prevent our Nation from running the course which has hitherto marked the destiny of nations, but if I may even flatter myself that they may be productive of some partial benefit, some occasional good; that they may now and then recur to moderate the fury of party spirit, to warn against the mischiefs of foreign intrigue, to guard against the impostures of pretended patriotism; this hope will be a full recompense for the solicitude for your welfare by which they have been dictated.

How far, in the discharge of my official duties, I have been guided by the principles which have been delineated, the public records and other evidences of my conduct must witness to you and to the world. To myself the assurance of my own conscience is, that I have, at least, believed myself to be guided by them.

In relation to the still subsisting war in Europe, my proclamation of the 22d of April, 1793, is the index to my plan. Sanctioned by your approving voice, and by that of your representatives in both houses of congress, the spirit of that measure has continually governed me, uninfluenced by any attempts to deter or divert me from it.

After deliberate examination, with the aid of the best lights I could obtain, I was well satisfied that our country, under all the circumstances of the case, had a right to take, and was bound, in duty and interest, to take a neutral position. Having taken it, I determined, as far as should depend upon me, to maintain it with moderation, perseverance and firmness.

The considerations which respect the right to hold this conduct, it is not necessary on this occasion to detail. I will only observe that, according to my understanding of the matter, that right, so far from being denied by any of the belligerent powers, has been virtually admitted by all.

The duty of holding a neutral conduct may be inferred, without anything more, from the obligation which justice and humanity impose on every nation, in cases in which it is free to act, to maintain inviolate the relations of peace and amity towards other nations.

The inducements of interest for observing that conduct will best be referred to your own reflections and experience. With me, a predominant motive has been to endeavor to gain time to our country to settle and mature its yet recent institutions, and to progress, without interruption, to that degree of strength, and consistency which is necessary to give it, humanly speaking, the command of its own fortunes.

Though in reviewing the incidents of my administration, I am unconscious of intentional error, I am nevertheless too sensible of my defects not to think it probable that I may have committed many errors. Whatever they may be, I fervently beseech the Almighty to avert or mitigate the evils to which they may tend. I shall also carry with me the hope that my country will never cease to view them with indulgence; and that, after forty-five years of my life dedicated to its service, with an upright zeal, the faults of incompetent abilities will be consigned to oblivion, as myself must soon be to the mansions of rest.

Relying on its kindness in this as in other things, and actuated by that fervent love towards it, which is so natural to a man who views in it the native soil of himself and his progenitors for several generations; I anticipate with pleasing expectation that retreat in which I promise myself to realize, without alloy, the sweet enjoyment of partaking, in the midst of my fellow citizens, the benign influence of good laws under a free government—the ever favorite object of my heart, and the happy reward, as I trust, of our mutual cares, labors and dangers.

GEO. WASHINGTON.

UNITED STATES,  
17th September, 1796.

#### RAILROAD CONTROL.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 3752) to provide for the operation of transportation systems while under Federal control, for the just compensation of their owners, and for other purposes.

The VICE PRESIDENT. The unfinished business is now before the Senate, and, in accordance with the unanimous-consent agreement, five-minute speeches only are allowed upon the bill and any amendment thereto.

Mr. STONE. Mr. President, I rise to urge the Senator from South Carolina [Mr. SMITH], who is in charge of the pending legislation, with which I would not interfere except by his consent, out of compliment to the memory of George Washington—whose last address, containing his final advice and admonition to the American people, has just been read, and who still remains and, in my opinion, should always be esteemed as the first citizen of the Republic, past or present—to move a recess of the Senate until to-morrow.

Mr. SMITH of South Carolina. Mr. President, I am fully aware of the debt of obligation we owe to George Washington; but I am quite sure that if he were alive to-day, with the emergency that is on, with the patriotism that always characterized him, he would tell us to go on and meet this emergency now. I do not think the Senate can pay a higher tribute to George Washington than, holding his memory in our hearts as we do, to emulate his example by doing our duty first. Therefore I think we had better go on with the bill.

#### SHORTAGE OF SUGAR AND COAL.

Mr. LODGE. Mr. President, as a member of the committee, I give notice that if I can secure recognition on Wednesday, February 27, immediately after the close of the routine morning business, I shall ask the permission of the Senate to ad-

dress them briefly on the testimony gathered by the committee appointed to investigate the shortage of sugar and coal.

#### RAILROAD CONTROL.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 3752) to provide for the operation of transportation systems while under Federal control, for the just compensation of their owners, and for other purposes.

Mr. STERLING. Mr. President, the pending amendment is, I think, the amendment offered by myself last evening. That amendment is susceptible of division, and I think should be divided and the two parts submitted separately.

I therefore ask that the amendment as it pertains to paragraph 1 of section 10 be submitted to the Senate for a vote first; and, if that is permissible, I will ask that the Secretary read that amendment.

Mr. SMITH of South Carolina. Mr. President, I think the purpose which the Senator has in view by his amendment is amply taken care of in the present form of the bill. It is merely explanatory of what, in my opinion, is already in the bill. I do not know that it adds to or subtracts from it, but I do not think it is at all necessary. I think the object for which the Senator offers his amendment is already covered in the provisions of the bill.

The VICE PRESIDENT. The question would be divisible if it were not for the fact that this is a motion to strike out and insert.

Mr. STERLING. There are two propositions involved.

The VICE PRESIDENT. One is to strike out and the other is to insert. They are the two propositions. So you can divide to the extent of a motion to strike out and divide to the extent of a motion to insert. You can not otherwise divide it.

Mr. CUMMINS. There was so much confusion in the Chamber that I could not fully understand the proposal of the Senator from South Dakota in regard to the division of the amendment.

Mr. STERLING. The proposition was to divide the amendment and offer it separately. There are two paragraphs to section 10, and the amendment pertains to each of those paragraphs and the subject matter of each paragraph. My amendment inserted certain language in the first paragraph and substituted a new paragraph for the second paragraph of section 10, but the amendment was in the form of a motion to strike out and then insert a new section 10. The question is as to whether or not it is now divisible and if I can ask that the question be divided and that the language as proposed be inserted in the first paragraph.

Mr. CUMMINS. I do not believe that the proposed amendment to the first paragraph has any effect whatever, although I would have no objection to it in order that it may be made entirely clear. It is clear to me as it is now. I desire to address the Senate very briefly on the second paragraph of the proposed amendment, if it is before the Senate.

The VICE PRESIDENT. The rule clearly settles the question. Rule 18 provides that if a question in debate contains several propositions any Senator may have the same divided, except a motion to strike out and insert, which shall not be divided. The motion of the Senator from South Dakota is a motion to strike out and insert, and it is not divisible. The amendment is debatable, and it is amendable, of course.

Mr. STERLING. Then, to meet the emergency, if I may, I ask unanimous consent to withdraw the pending amendment, in order that I may offer an amendment to paragraph 1 of section 10.

The VICE PRESIDENT. It is withdrawn, without objection.

Mr. SMITH of South Carolina. There was so much confusion I could not exactly understand the motion of the Senator from South Dakota.

The VICE PRESIDENT. He has withdrawn his amendment for the present.

Mr. SMITH of South Carolina. All right.

Mr. STERLING. I now move to amend paragraph 1 of section 10 as follows:

After the word "law," in line 8, on page 11, insert the words "including the laws enacted or liabilities imposed under State authority for the regulation of common carriers of traffic wholly within the State."

Mr. SMITH of South Carolina. As I said before, that, in my opinion, is simply explanatory of what is already in the bill. I have no objection to the language the Senator proposes, only I think it is superfluous. I do not think it changes the meaning of the present bill.

Mr. STERLING. Then, if the Senator will accept the amendment, I am satisfied that it will clear up what, I am sure, is at

least an ambiguity in the bill. The question will be raised, and it will be one of great doubt, I think, as to whether or not State statutes regulating the common carriers of traffic within the States are to be included here in the word "statutes." I hope this amendment will prevail. If it was the intention of the committee that State statutes should still be in force, there can be no harm done and it will clear up the ambiguity.

Mr. CUMMINS. I desire to ask the Senator from South Dakota whether there is not danger that the amendment as he has worded it now will not introduce more ambiguity than is in the present bill. I am entirely in sympathy with his suggestion, and I assume that the bill meant, when it used the word "statutes," both Federal and State statutes. If we include, however, the State statutes relating to the regulation of rates without at the same time specifying the Federal statutes relating to rates, there might an interference arise that the Federal statutes relating to rates were not included. I suggest that instead of the language used the Senator insert the words "arising under Federal and State statutes."

Mr. STERLING. Very well; that will be quite satisfactory. I suggest that as a substitute for my amendment.

Mr. SMITH of South Carolina. To that amendment I have no objection.

The VICE PRESIDENT. It will be stated.

The SECRETARY. On page 11, line 8, after the words "the common law," insert the words "arising under Federal and State statutes."

The VICE PRESIDENT. The question is on the amendment.

Mr. KNOX. I should like to inquire what meaning the words "arising under statutes or at common law" have. If we are going to expressly legislate that they shall be under State and under Federal statutes, why do we have any words as to other statutes? Certainly they are not subject to foreign statutes. It seems to me that the bill is perfectly clear.

Mr. CUMMINS. My suggestion was in line 8, after the word "under" to insert the words "Federal or State statutes."

The VICE PRESIDENT. It will be stated.

The SECRETARY. On page 11, line 8, before the word "statutes" and after the word "under," insert "Federal or State," so that it will read:

Whether arising under Federal or State statutes or at common law.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. STERLING. I offer the amendment which I send to the desk, to strike out all of section 10 beginning with line 13, and insert—

The VICE PRESIDENT. It will be read.

The SECRETARY. Strike out, on page 11, beginning with line 13, all of the bill down to and including line 2, on page 12, or the remainder of section 10, and in lieu insert:

That the Interstate Commerce Commission, in addition to the powers conferred by the act entitled "An act to regulate commerce," approved February 4, 1887, and acts amendatory thereof, is authorized to investigate, hear, and determine on application of the President and in the manner provided in said act, whether the rate or rates charged by any carrier or carriers under Federal control are, under the conditions, unjust or unreasonable or prejudicial to the public interest or to the purpose for which said control has been authorized and assumed, and on such hearing and determination to prescribe and order what rate or rates, charge or charges are, under the conditions, just and reasonable and which shall be observed as the maximum to be charged during such control.

Mr. SMITH of South Carolina. Mr. President, this is one of the very points the committee had before it, and after a very thorough debate and a pretty even division in the committee touching this rate making in the emergency, an agreement was reached which is embodied in the present bill and which will appeal to all those who have given study to the bill as being approximately the solution of the conditions that now confront us. The object and aim of this legislation is readily and easily without restriction to mobilize forces, and there must of necessity be given power to the Director General to keep commercial conditions as near as may be in their present status.

This is almost exactly an expression of the one side of that debate, while the opposite was to grant unlimited power over the rates. The committee decided that in an emergency where justice must be meted out the Director General should have the power to initiate rates, but if the rates that he names are burdensome the complainant could go before the Interstate Commerce Commission and have it adjudicated.

I hope the Senate will not accept this amendment.

Mr. ROBINSON. Mr. President, pending a brief discussion of the amendment by the Senator from South Dakota, I ask unanimous consent to modify the provision in the bill so as to make clear the meaning of it by the insertion, after the word



"That," in line 13, of the words "during the period of Federal control," so that it will read:

That during the period of Federal control, whenever in his opinion—  
And so forth.

That was the intention of the committee. It was not intended to give the President the power to initiate rates except during the period of Federal control.

As stated by the Senator from South Carolina, the amendment of the Senator from South Dakota relates to one of the very difficult controversies that arose in the committee concerning the provisions of the bill. It is easily conceivable that it may become necessary under the new order of things, under the rerouting and diversion of freight, to establish new rates, and to do that promptly the power to initiate rates under the bill is given to the President, with the right of review vested in the commission. That, as stated by the Senator from South Carolina, represents the best compromise after many days of deliberation that the committee could reach. It is not desirable to compel the President to apply to the commission for an order to change the rates, because the procedure of the commission is such that it would nullify the very purpose which the committee had in view in giving the President the power in certain instances to initiate rates. The proceedings before the commission are in the nature of judicial proceedings, and hearings are had, which would occasion great delay, and it would accomplish no good end to give the President the power to go before the commission to have rates instituted. The better plan, the committee found, was to give the President the power to initiate rates. That power undoubtedly would not be exercised save in exceptional cases and where the public interest seemed to the President to require it.

In any case, the commission is given the power to review the rate so initiated as to reasonableness and justice, and I respectfully suggest that is best, unless you want to adopt the idea which will, I understand, be presented by the Senator from Iowa, to give the commission exactly the same power that it now has over the rates. Unless you want to do that, I think it would be best to defeat the amendment of the Senator from South Dakota.

Mr. CUMMINS. Mr. President, it is true that the majority of the committee accepted the provision now found in the bill. There are some members of the committee who were not prepared to accept it. I believe that the President ought to have the power to initiate rates precisely as carriers now initiate them. All the rates of the country are initiated by carriers, and during the period of Federal control the President, being in possession and operation of the property, ought to have the power that the carriers now have in that regard. I am speaking, of course, of the rate upon general commerce and not for the movement of Government property or troops.

My objection to the bill as it now is may be thus stated: At this time the carriers can initiate rates, but the commission have the power to suspend the rates until an investigation takes place respecting their reasonableness and justice. Now, carriers can not increase rates without the consent or approval of the commission, and my objection to the bill as it lies in the effect of this amendment, which repeals the interstate-commerce law as far as the power of the commission to suspend proposed rates is concerned. It repeals the law which declares that rates shall not take effect if they are increased rates until approved by the commission. The bill as it is now furnishes no practical relief, because if the President can file a schedule of rates and put it into immediate effect and the commerce of the country must go forward for a period of 5, 6, 8, 10 months or more under the rates that are prescribed by the President, the review or appeal to the commission is of little practical value.

I have proposed an amendment which I shall offer presently and which retains on the part of the Interstate Commerce Commission just the authority it has now with regard to rates upon general commerce and puts the President exactly in the position of the carrier, with power to initiate rates, of course, and after initiating them then it is for the commission to say whether they shall become effective or not.

The difficulty with the amendment proposed by the Senator from South Dakota, in my judgment, is that it is qualified by the former part of the section, which gives the President the right to supersede by an order these laws and statutes and this jurisdiction of the Interstate Commerce Commission. Unless I am otherwise convinced, I am compelled to look upon the amendment as imperfect in that respect and not really as well calculated to do what the Senator from South Dakota has in his mind as is the bill in its present form.

Mr. STERLING. Mr. President, in regard to the last statement made by the Senator from Iowa, I would like to say that

I do not think his view is well taken. I remember having heard him mention the same matter before. The first part of section 10 is general; it refers to the orders which may be made by the President, and in effect provides that the orders made by the President shall supersede any conflicting Federal or State statute in regard to the matter of Federal control, but the second paragraph of section 10 relates to a special case, to the case of the initiation or fixing of rates. I think, under a familiar rule of consideration, that the special provisions would govern, and the President would not under my amendment initiate a rate in the first instance and without action by the commission.

Mr. ROBINSON. Mr. President, I rise to a point of order. I feel it my duty to make the suggestion to the Senator—I will not make the point of order now—but, with the leave of the Senator from South Dakota, I call his attention to the unanimous-consent agreement and to the fact that it only permits one speech from a Senator on the same amendment, and that the Senator has once spoken.

The VICE PRESIDENT. The Senator from South Dakota is speaking to the amendment of the Senator from Arkansas.

Mr. ROBINSON. On my amendment?

The VICE PRESIDENT. Yes; on the Senator's amendment.

Mr. ROBINSON. I thought that amendment had been agreed to by the Senator from South Carolina [Mr. SMITH].

The VICE PRESIDENT. The Senator from South Carolina could not agree to the amendment.

Mr. ROBINSON. Very well; I will withdraw the suggestion; but, Mr. President, the amendment that I proposed was accepted by the Senate.

The VICE PRESIDENT. It was not; it has not been voted on at all. The Senator from South Carolina can not accept an amendment.

Mr. ROBINSON. Well, I asked unanimous consent for its consideration; otherwise it would not have been in order.

The VICE PRESIDENT. It was in order. The motion was to strike out and insert, and the Senator from Arkansas knows as well as does the Chair that the part to be stricken out is first to be amended.

Mr. ROBINSON. Well, the Senator from Arkansas is unable and unwilling to express any opinion as to what the Chair knows, but the Senator from Arkansas asked unanimous consent, out of order, to present a verbal amendment. Of course, if the Chair makes an objection—the Senator from South Dakota made no objection—

The VICE PRESIDENT. The Senator from South Dakota has not anything to do with it. The amendment is before the Senate.

Mr. SMITH of South Carolina. Mr. President, if I may be allowed—

The VICE PRESIDENT. The amendment is pending before the Senate, unless it is withdrawn by the Senator from Arkansas.

Mr. TOWNSEND. Regular order, Mr. President.

Mr. SMITH of South Carolina. Then, I present the amendment of the Senator from Arkansas to the effect—

The VICE PRESIDENT. The amendment is before the Senate, unless the Senator from Arkansas withdraws it, and it is subject to five minutes' debate.

Mr. STERLING. Mr. President, as I understand, my amendment is the amendment now before the Senate.

The VICE PRESIDENT. No.

Mr. STERLING. I should like to be informed—

The VICE PRESIDENT. The Senator from South Dakota exhausted his time on his amendment; the Senator from Arkansas was right about that.

Mr. ROBINSON. I thank the Chair.

The VICE PRESIDENT. There is no doubt about the Senator from South Dakota having exhausted his time on his amendment; but the pending amendment is the amendment of the Senator from Arkansas, unless he withdraws it, which is to perfect the portion proposed to be stricken out.

Mr. ROBINSON. I ask leave to withdraw the amendment.

The VICE PRESIDENT. The amendment is withdrawn, and the Senator from South Dakota has, therefore, exhausted his time.

Mr. SMITH of Georgia. Mr. President, the Senator from South Dakota [Mr. STERLING] has mentioned a few words in the first part of section 10 of the bill which I think will attract the attention of all of us if we will consider them. The first part of the section reads:

SEC. 10. That carriers while under Federal control shall, in so far as is not inconsistent therewith, or with the provisions of this act, or any other act applicable to such Federal control, or with any order of the President, be subject to all laws and liabilities as common carriers, whether arising under Federal or State statutes.

Mr. President, should an order of the President set aside a statute? Surely, no one wishes the words "or with any order



of the President" as a limitation upon the continued effectiveness of acts of Congress and acts of legislatures. We propose in this bill to modify the general law as far as we deem it proper to modify it; we are repealing the pooling statute; we are furnishing the machinery and the law under which we think this handling of the railroads should be managed; we are providing that the existing law, except as changed, shall remain in force, and that the rights of the people, the rights of the citizens, the rights of all shall be maintained, except as changed by ourselves, the lawmaking branch of this Government. Shall we put into the bill such a paragraph, an additional provision, that the change may be made by the order of an Executive? If I could combine in an Executive the wisdom of every man who has ever sat in that office, I would not disregard the constitutional responsibility of Congress by giving him the privilege of setting aside acts of Congress.

Surely, we will strike out that provision as soon as an opportunity can be made to move to strike it out. I believe there is a motion pending to amend by the Senator from South Dakota, but as soon as that has been disposed of I desire to move to strike from line 6 the words "or with any order of the President."

The VICE PRESIDENT. The question is on the amendment of the Senator from South Dakota [Mr. STERLING].

The amendment was rejected.

Mr. ROBINSON. Mr. President, I offer the following amendment: On page 11, line 13, after the word "That," to insert the words "during the period of Federal control," so that it will read:

That during the period of Federal control whenever, in his opinion, the public interest requires—

And so forth.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Arkansas.

Mr. POINDEXTER. Mr. President, I offer the amendment which I send to the desk as a substitute for the amendment of the Senator from South Dakota.

Mr. ROBINSON. I make the point of order that the amendment of the Senator from South Dakota has been disposed of.

The VICE PRESIDENT. The amendment of the Senator from South Dakota has been defeated.

Mr. POINDEXTER. I was not in the Chamber, and I understood that that amendment was still pending.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Arkansas [Mr. ROBINSON].

The amendment was agreed to.

Mr. SMITH of Georgia. In line 6, page 11, after the word "control," I move to strike out the words "or with any order of the President."

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Georgia.

Mr. ROBINSON. I express the hope that this amendment will not be agreed to. The adoption of the amendment would be far-reaching; indeed, the effect of its adoption would be to retain in force all existing laws, and it would, in part, nullify Federal control. Under this amendment the order affecting demurrage would be invalid; under this amendment any order depriving the shipper of the right to route his freight would be invalid. I think to strike out this language would absolutely destroy the purpose of this bill. The purpose of providing Federal control is to make the executive authority in the operation of the roads paramount in certain instances, and if we provide that existing laws, both State and Federal, shall remain in force, I ask you what on earth could the President do that the railroads themselves could not do? The antipooling provision of the law would be kept in force; it would be impossible for the railroads under the statute to pool their earnings, and it would be impossible for the Director General to reroute freight or to do many other things which it is absolutely necessary for him to do if Federal control is to amount to anything.

Mr. SMITH of Georgia. Mr. President, I wish to ask the Senator does not this bill give that privilege specifically?

Mr. ROBINSON. What privilege?

Mr. SMITH of Georgia. The privilege of rerouting freight and waiving the antipooling law?

Mr. ROBINSON. To what language in the bill does the Senator refer?

Mr. SMITH of Georgia. I asked the Senator the question because he is more familiar with the bill as a whole than I am, having participated actively in its preparation.

Mr. ROBINSON. It does not. I will state to the Senator from Georgia that there is no such language in the bill.

Mr. KNOX. It seems to me, Mr. President, that one of the things that has reconciled the public sentiment of the country to the assumption by the Government of the operation of the

railroads has been the fact—and it has been set before the public by newspapers and by speakers upon this subject in both branches of Congress—that the President will be enabled, in the interest of efficiency, to do a great many things that the law prohibited the carriers themselves from doing. It seems to me that if this amendment prevails and the orders of the President as against existing practices, and to some extent as against existing law, are allowed to have no effect because of the striking out of the words "or with any order of the President," we might just as well not have taken over the railroads, but have left them in the management of those who have been trying to manage them during all the past years, and who were limited in their efficiency by statutes, rules, and orders which the President may temporarily suspend in order that the railroads may be operated to the best advantage.

Mr. REED. Mr. President, it has been impossible for me to give this bill the careful consideration that it deserved, because my time has been taken elsewhere; but it seems to me, from the somewhat hasty examination I have been able to make, that the objections expressed by the last two Senators who have spoken are not well-founded.

The clause in section 10 which we are considering simply provides:

That carriers while under Federal control shall, in so far as is not inconsistent therewith—

That is, inconsistent with Federal control, which means all that the term implies, of course—

or with the provisions of this act or any other act applicable to such Federal control—

Then follow the words—

or with any order of the President, be subject to all laws and liabilities as common carriers, whether arising under statutes or at common law; and suits may be brought—

And so forth.

I may be in error, but, in my opinion, formed as it is somewhat hastily, all the provisions of this act which cover completely the question of general control, with all that control implies—the right to make rates, the right to make regulations, and so forth—will exist. All of the provisions of this act then will also apply, and all that it is proposed now to strike out is the provision that the orders of the President may set aside the substantive law of the country, and the law which is referred to is the law affecting liabilities as to common carriers, whether arising under statute or at common law. I think that it is to the words that I have just read that the broad provision which it has been moved to strike out applies.

Mr. ROBINSON. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Arkansas?

Mr. REED. I yield, of course, although I have not much time.

Mr. ROBINSON. The language "all laws and liabilities as common carriers, whether arising under statutes or at common law" embraces the whole volume of both Federal and State laws affecting carriers. That is the very point. Government control would not accomplish anything if those laws are to remain in full force and effect.

Mr. REED. It would not limit the right to run these roads—to manage these roads—but the liability would exist. If we take the other construction, then the proposition is to give the President the right to nullify any law of Congress. We do not mean to do that, and I do not think the President asks for that. It is not intended to say, by the insertion of these words "or with any order of the President," that we intend to confer upon the President the broad right to set aside any law that Congress may have enacted.

Mr. KNOX. Mr. President, may I ask the Senator a brief question?

Mr. REED. Yes; if I can have time to answer it.

Mr. KNOX. Suppose that the President should issue an order for the movement of a large body of troops in a way and under circumstances that would violate some law or some rule that now applies to interstate commerce?

Mr. REED. That is covered by the laws that are upon the statute books and is covered by this bill. I can not conceive of these particular words having any application to the general management of these properties. This provision relates to the rights of carriers—the rights of the people under the substantive laws of the country. If it is proposed broadly to give the President the right to set aside any law at any time he sees fit, then we are engaged in idle pastime here in passing a law and writing rules and regulations into it, because all that we would need to do would be to say that the President is hereby authorized to take over the railroads and to manage them for the benefit of the country. I have no doubt he would do it



to the very best of his ability, and perhaps he would do it better than it will be done with any interference, but surely we do not mean to write the law in that form.

Mr. THOMAS. Mr. President, I think the query of the Senator from Pennsylvania is answered by the act of August 29, 1916, under which the President assumed control of these systems. That act recites:

The President in time of war is empowered through the Secretary of War to take possession and assume control of any system or systems of transportation or any part thereof, and to utilize the same to the exclusion, as far as may be necessary, of all other traffic thereon for the transfer or transportation of troops, war material, and equipment, or for such other purposes connected with the emergency as may be needed or desirable.

Of course this bill, if it becomes enacted into law, is supplementary to and not a repeal of the act of August 29, 1916.

Mr. CUMMINS. Mr. President, the power given to the President is tremendous; but I simply want to remind the Senator from Georgia of the fact that if these words are stricken out the whole section will have to be rewritten. We have no law, either statute or common law, applicable to the Government operation of a railway system. None of the laws we have now relating to the regulation of these systems would be applicable at all.

Section 10 brought forward and made applicable the existing law which pertains to carriers operating property of this sort; and the committee sought to supersede or put over these laws the order of the President if it should become necessary. Now, I should like to see that authority limited; but it is perfectly apparent that if we should strike out the words "by order of the President" and allow the remaining part of the section to stand we would have a perfectly unworkable statute.

Mr. SMITH of South Carolina. Mr. President, I am perfectly aware that the position taken by the Senator from Iowa is the correct one unless we then go to work and define in the bill just what powers shall be granted the President, just to what extent we do modify the law; and, as he intimates, it will be necessary to rewrite in this bill what modification of the laws we propose shall be put at his disposal. As a matter of course it is a tremendous grant of power, and that was one reason why the committee insisted that it should be limited to the war period; that these powers, so necessary for the proper prosecution of the war, we must of necessity grant and leave the responsibility for their wise execution upon those to whom we grant them. It is our duty in the premises to grant them. When we have done that we have discharged our obligation, and the obligation for the wise use of them rests upon those who, in the very nature of the case, are those responsible for their execution.

The statement of the Senator from Arkansas and the statement of the Senator from Iowa make it clear to me that unless we leave these words in the bill we might as well have no Federal control, so far as the objects and purposes for which the bill is written are concerned.

Mr. SMITH of Georgia. Why, Mr. President, the President is now operating the roads under the act of 1916. Everything is being done now that ought to be done under the act of 1916. Now, let us go a step further.

Section 8 provides:

That the President may execute any of the powers herein and heretofore granted him with relation to Federal control through such agencies as he may determine.

That absolutely preserves all the power needed by the President for their operation.

Again, section 9 declares:

That nothing herein contained shall be construed as modifying or restricting the powers heretofore conferred upon the President to take possession and assume control of any or all systems of transportation; and the President, in addition to the powers conferred by this act, shall have, and is hereby given, such other and further powers necessary or appropriate to give effect to the powers herein and heretofore conferred.

But the Senator from Arkansas says that he must pool the roads and that it is necessary by order to set aside the Sherman Antitrust Act. Why, when we authorize their operation by a single agency as one road they are already pooled. When we put them all together ourselves and authorize the President to operate them, or rather to have them operated, the pooling is complete. It requires no further legislation to accomplish it.

Mr. CUMMINS. Mr. President—

Mr. SMITH of Georgia. I can not yield to the Senator. I have just a moment.

Now, let me go just one step further and see what the particular provision is to which I object.

When we come to section 10 it is declared:

That carriers while under Federal control shall, in so far as is not inconsistent therewith, or with the provisions of this act, or any other act applicable to such Federal control, be subject to all laws and liabilities as common carriers, whether arising under Federal or State statutes.

We have already suspended many of the State and Federal statutes by conferring power on the President to have the railroads operated as one system. We have waived all the Sherman Antitrust Acts by consolidating the property under a single management. We have the right to create priorities of shipments and to determine the routes without regard to direction of shippers. We have furnished the power. It is now being exercised. We redeclare the power formerly given as being vested in the President and those acting for him, and such incidental power, this bill says, as is necessary.

This particular section, section 10, has reference to certain rights of shippers and private citizens, and it declares that they shall remain, except as superseded by this and other acts of Congress. Shall we say they shall also be superseded by an order of the President? It is not necessary that we should do so to enable him to discharge the duties required by this bill; and I do not believe in declaring that any Executive can set aside legislative acts intended to guard the rights of the ordinary citizen.

I object to this provision in part because it may be used by employees away from Washington to annoy citizens, but I especially object to it because it is an abandonment of legislative responsibility.

Mr. TOWNSEND. Mr. President, this illustrates the point which I suggested the other day, namely, that Senators who are discussing it have not understood the situation.

This provision was never intended, nor was it ever suggested before to my knowledge that the power in this paragraph was conferred upon the President to enable him to operate the railroads. If this bill is defeated, the operation of the railroads taken over by the President would not be affected. It was simply a provision to determine the liability of carriers under Federal control to suits and to determine what laws shall apply. This paragraph has nothing more to do with the operation of railroads under Federal control than the preamble of the Constitution. The power arbitrarily to control the railroads was conferred upon the President by the act of August, 1916. This bill is not intended to give the power of operation to the President, but to enable the people who have dealings or differences with the railroads to have them settled, and lawfully so. This is a railroad pay bill. That is what we intended it for.

Now, Senators insist that the power to operate the railroads by the President depends upon section 10. I called attention to this matter on day before yesterday, and have some amendments to offer to it if they could only receive consideration. This simply shows the confusion which comes out of this bill. This provision does not affect the Federal control of the railroads, but it does attempt to fix the legal status of the people of the country who have dealings with railroads under this changed condition. That is all that part of section 10 is for, although it is doubt imperfectly expressed. It ought to be changed. But this doubtfully expressed paragraph has been written into the bill and there it must remain. It ought to be clarified.

Mr. LODGE. Mr. President, I have only had time to examine this bill very casually; but it seems to me, on the face of it, that the powers to operate the railroads are conferred by the act of 1916, supplemented by this, and powers are given in section 9 in the largest possible way. It may be my own lack of acumen, but I can not see anything in section 10 except a provision to reserve to the American citizen—shipper or others—the right of suit which he now has under the laws, and, as the bill stands, that right to his day in court, to be set aside by an order of the President. I do not see how it could interfere with the running of a car or the routing of a train or anything.

Section 9 says that the President—

shall have, and is hereby given, such other and further powers necessary or appropriate to give effect to the powers herein and heretofore conferred.

The largest kind of powers. All the ground on which the general-welfare clause of the Constitution was interpreted is in section 9. This is simply to protect the right of suit on the part of certain American citizens, and I do not think that right to a day in court ought to be taken away by an order.

Mr. PITTMAN. Mr. President—

The PRESIDING OFFICER (Mr. ROBINSON in the chair). Does the Senator from Massachusetts yield to the Senator from Nevada?

Mr. LODGE. I do.

Mr. PITTMAN. I want to ask a question of the Senator from Massachusetts upon that point. Do I understand that the Senator from Massachusetts holds that a court should be allowed to restrain action under any order of the President in the control of these roads?

Mr. LODGE. I do not think there ought to be any power to deprive a man of his right to a day in court except by the statutes; and I think it is fully covered by the statute of 1916

and section 9 of this bill so as not to interfere with the powers of the President in the operation of the roads.

Mr. PITTMAN. Unless the powers of the President are absolute in the running of these roads his control would be worse than useless, it seems to me; and I believe if the existing laws covering the control of the roads are now superior to the order of the President in the premises a case could arise in which the courts would deny the authority of the President to make the order and restrain its operation.

Mr. LODGE. How is anyone going to get into court to sue the United States?

Mr. PITTMAN. Not necessarily to sue the United States, but they might enjoin an agency from the operation of the act.

Mr. LODGE. A United States agency? Enjoin the United States from running a railroad?

Mr. PITTMAN. If you give specific authority in this section to enjoin the United States agency, it could be done.

Mr. LODGE. Mr. President, I think this applies only to suits, as I have said; and I think it is one of those cases of running mad over this in the desire to give powers.

Mr. REED. Mr. President, may I ask the Senator from Nevada to examine the language of section 10, to which I call attention? It is:

That carriers while under Federal control shall, in so far as is not inconsistent therewith, or with the provisions of this act, \* \* \* be subject—

Now, I am paraphrasing from this point on:

be subject to liability under statutes or common law in suits brought against carriers.

Is not that the meaning? Has not the Senator overlooked the language "is not inconsistent with Federal control"?

I call his attention to the report of the committee. It reads:

Section 10 provides that so far as not inconsistent with Federal control each of the carriers shall remain subject to all laws and liabilities.

Mr. PITTMAN. What I am getting at, Mr. President, is this: Do the words "in so far as not inconsistent therewith"—

Mr. REED. With Federal control.

Mr. PITTMAN (continuing). Mean that it is consistent to restrain an order of the President of the United States?

Mr. REED. Oh, no. The President controls. We have Federal control. The President is the President. Now, just so far as is not inconsistent with that control, what? The carriers and the people can enforce the liabilities which exist at common law or under the statutes arising out of their contracts with these companies; and I ask the Senator, who always wants to be right, to examine that statute and see if that is not the true construction of it.

Mr. PITTMAN. Mr. President, the matter that I have in mind is this: Undoubtedly there is no authority to sue the United States unless it is expressly given. Section 10 attempts to expressly give that authority. Now, then, if you are going to give an express authority to invoke the laws of the country against the United States, it should be definite; and I say that where you say "in so far as not inconsistent therewith" it is not definite. If you are going to give authority to the courts to entertain suits against the United States or restrain the United States, it should be definite, and I contend that you should have in there the words "or with any order of the President," because it is essential to the control given under this act that the President shall have authority to issue orders.

Mr. ROBINSON. Mr. President, will the Senator yield to a question?

Mr. PITTMAN. Yes.

Mr. ROBINSON. Federal control is not necessarily inconsistent with the right of the shipper to route his freight, is it?

Mr. PITTMAN. Yes.

Mr. ROBINSON. Then if existing laws remain in force the Federal Government could not reroute freight, because the law now gives the shipper the right to route the freight.

That is one illustration.

Under existing law, the equipment of one road could not be used on another against its will, could it?

Mr. PITTMAN. No.

Mr. ROBINSON. Then under Federal law, with the existing laws all remaining in force, the President could not remove the equipment of one road to another road where it was necessary.

That is another illustration, and dozens of them might be cited.

Mr. PITTMAN. The exception contained in section 10 is a reservation against suits and not against the power of the President.

Mr. President, I believe that both of those exceptions to the right to sue the United States or bring an action should be retained. It is absolutely essential that you except those things that are inconsistent with this act. It is also absolutely necessary that you except from the authority to sue the Government the power to hamper the President of the United States in his orders. Both of those clauses are essential to carrying out this act, and I take it that the purpose of the section is to grant the power of action against the United States Government, because the United States Government is running these roads under the bill. That power is wise, but it should be limited. It should be so limited as not to interfere with the operation of the roads, and if you are going so to limit it as not to interfere with the operation of the roads you have not only got to say that it shall not have any power or effect where inconsistent with the act, but you have got to go further and say it shall have no power or effect where it will interfere with the President of the United States in the operation of the roads under his order.

Mr. HARDWICK. Mr. President, I am very much in favor of the amendment suggested by my colleague.

Mr. NELSON. Mr. President—

The PRESIDING OFFICER (Mr. KING in the chair). Does the Senator from Georgia yield to the Senator from Minnesota?

Mr. HARDWICK. I hope the Senator will pardon me. I have only five minutes and can not yield.

I am very much in favor of the amendment suggested by my colleague, and I do not think any Senator who clearly understood exactly what it seeks to accomplish could possibly oppose it. As suggested by the Senator from Nevada, it does not interfere and can not interfere in the slightest with the operation of these railroads by the President; but it does affect, and affect seriously, the civil rights of every person in the United States who has business relations with these carriers, whether those relations are the relations of shipper or of employee or whether they are contractual or arise from a tort.

We have labored in the two Houses of Congress for years to pass and perfect the employers' liability laws, for instance, changing the old common-law rule governing suits between the employer and the employee, and yet if this were passed, by a stroke of his pen the President of the United States could destroy those laws that we have built up through years of labor for the protection of the employees of railroads in their suits against the railroad companies. Now, there is no necessity whatever to do that. Certain laws of diligence and negligence relating to the obligation of carriers, both of freight and of passengers, are left absolutely in the air—all of them are left absolutely in the air and subject to Executive pleasure—if we leave in the bill these words that my colleague wants to strike out. In other words, we substitute for a government of laws a government not of men but of one man.

I am not willing myself to go on record in favor of the proposition that the President of the United States, while he is operating these railroads and while he stands in the stead of these railroads, in the place of these railroads, shall be allowed to abolish at any time the laws of contract, the laws governing torts, the laws governing the relations between shippers and carriers and between carriers and their employees; and I do not think that was the intention of the committee that reported this bill. That will be the unfortunate effect of it, however, if these words are not stricken out. I think we ought to leave the ordinary laws that have governed these carriers for years, while their property was in the hands of its owners, still in effect while the Government operates them, so far as those laws touch the citizen and his rights. No matter who operates these railroads, whether it is a government or a corporation or a number of corporations, the rights of the citizen, when they touch the persons controlling and operating these roads, ought to remain unaltered as they are now fixed by law. That, as I understand it, is the object of my colleague's motion, which I hope may prevail.

Mr. FLETCHER. Mr. President, it seems to me that without these words in section 10 the effect of the section with those words stricken out would be that the carriers would continue absolutely subject to all laws and liabilities as common carriers, whether arising under Federal or State statutes or at common law. If they are subject to all laws and liabilities as common carriers, whether arising under Federal or State statutes or at common law, then they are not under Federal control; you are absolutely robbing the statute of all of its virtues so far as the protection of the property against suits may be concerned.

This does not have reference to authorizing suits against the Government, but it authorizes suits against the carriers. It preserves the right to sue the carrier by any citizen who may have such a right and force it into court according to Federal



law and according to statute and according to common law. It is only where Federal control would be destroyed by such a procedure and in such an instance as that, unless you give that power somewhere in the President, who stands in the place of the carrier when that right is invoked, unless you give the power in the President to prevent the taking out of his control absolutely the property of the carrier, you have not accomplished anything at all by your legislation. You can not preserve to the people who have dealings with the carrier, shippers, and passengers all the rights they have under Federal law and under State law and under common law against the carrier to proceed in the State courts or in any other way they may proceed and at the same time maintain your Federal control of the property, because the exercise of those rights now under the laws as they stand and without this statute might take the property absolutely out of the power and control of the Federal Government.

Mr. THOMAS. May I ask the Senator a question?

Mr. FLETCHER. Certainly.

Mr. THOMAS. Of course, the Senator understands that the law does not purport to repeal the act of 1916. Does not that act invest the President with ample power to operate the railroads as may be essential to the prosecution of the war without regard to the provisions of this section?

Mr. FLETCHER. I am inclined to agree with the Senator that it would be better not to have the section in the bill at all, and to stand on the statute of 1916.

Mr. THOMAS. I think so, too, as far as that is concerned.

Mr. FLETCHER. But if you proceed to enact it and provide in this statute that this control shall be subject to common law, State law, Federal law, then you have nullified the act of 1916.

Mr. THOMAS. So far as it is not inconsistent with the Federal control.

Mr. FLETCHER. So far as it is not inconsistent with the Federal control. That is very indefinite and vague. I do not believe that the courts would be empowered to enforce such a provision as that. Then the semicolon following the word "law" leaves the provision rather unfortunate, it seems to me, if you propose to accomplish anything by this act. It goes on and says suits may be brought by and against carriers and judgment rendered as now provided by law, but unless it could be subject to the powers of the President to control these carriers in the operation of the road to act as common carriers you have not cured that defect. You must leave these words in the statute as it is or else you have not Federal control.

Mr. HARDWICK. Let me ask the Senator—

The PRESIDING OFFICER. The time of the Senator from Florida has expired.

Mr. HITCHCOCK. Mr. President, I have been consulting with Senators who have taken part in this matter and I believe I can suggest an adjustment. Instead of striking out the words "or with any order of the President," I move to add the words "authorized by law," so that the phrase will read:

Or with any order of the President authorized by law.

That would permit to stand any order of the President which is authorized either by this act or by existing law. It seems to me that would meet the view expressed.

Mr. ROBINSON. Will the Senator yield?

Mr. HITCHCOCK. Certainly.

Mr. ROBINSON. Does the Senator think that Congress has undertaken to define what orders the President may issue either in this act or the act of 1916? Does the Senator think it is possible to anticipate the orders which it will be necessary for the President to issue in the effective operation of the roads under Federal control? The amendment which the Senator from Nebraska has suggested, in my opinion, does not help the matter.

Mr. HITCHCOCK. The President might issue orders which are not authorized by any existing law, either the act of 1916 or this act, and if he went beyond his power no Senator would maintain that those orders should be recognized.

Mr. ROBINSON. If the Senator will allow me—

Mr. HITCHCOCK. And yet it is also evident that the orders of the President so long as they are based upon law, either this act or previous acts, should be allowed full recognition.

Mr. ROBINSON. If the Senator will permit me, the authority given by the act of 1916 and in this act given to the President is general. We have not undertaken to define what orders the President may issue, because it is impossible for Congress to anticipate what conditions will arise and what orders it will become necessary for him to issue.

If you put in the language "authorized by law," it will be necessary to write into this act the orders that you want to empower the President to issue, and he will have no authority to issue any order not expressly authorized by this act.

Mr. HITCHCOCK. I do not see how the Senator can maintain anything of that sort. The President derives his power under acts of Congress. Congress does not specify precisely which orders he shall issue, but lays down the general control of these railroad properties for war purposes.

Mr. ROBINSON. Will the Senator yield?

Mr. HITCHCOCK. I yield.

Mr. ROBINSON. The whole subject matter of railroad operation and railroad liability is controlled by existing laws—State and Federal. These laws are put into effect by this bill. Unless we do specifically authorize the President to issue certain orders he would have no power to issue any order of importance, because we make the laws that are already in existence, both State and Federal, effective, and they cover the field of railroad operations.

The Senator from Florida [Mr. FLETCHER], in my opinion, was entirely correct in his statement that the insertion of this amendment would nullify the effect of Federal control.

Mr. SMITH of Georgia. I think the amendment suggested by the Senator from Nebraska is a very wise one. Surely the Senator from Arkansas does not wish the President to issue orders not authorized by law and in violation of law.

Mr. ROBINSON. Will the Senator permit me to reply to that?

Mr. SMITH of Georgia. Certainly.

Mr. ROBINSON. I certainly do think it may be necessary to issue orders not expressly authorized by law, because you can not define what orders the President may find it necessary to issue.

Mr. SMITH of Georgia. Yes; you can.

Mr. ROBINSON. When you authorize one, the expression of one would exclude the authority to issue other orders.

Mr. SMITH of Georgia. The expression that they are to be authorized by law excludes the idea that they shall be lawless orders.

Mr. ROBINSON. Will the Senator yield to me in that connection?

Mr. SMITH of Georgia. It depends on whether this is in my time or some one else's time.

Mr. ROBINSON. It is certainly not in my time, because I have exhausted my time.

The PRESIDING OFFICER. It is in the time of the Senator from Nebraska.

Mr. HITCHCOCK. I am perfectly willing to yield. I have not anything further to say.

Mr. ROBINSON. I repeat the illustration that I used a while ago. Under existing Federal law there is no authority for re-routing freight. The law relating to the routing of freight by shippers would be put into effect by this statute unless you provide otherwise. It might be—

Mr. SMITH of Georgia. I answer the Senator I do not agree with him at all. The consolidation of the railroads under a single management, in my judgment, eliminates any right to route freight.

Mr. ROBINSON. Will the Senator yield? I am still in the time of the Senator from Nebraska. We write here a provision that the existing laws shall govern and shall apply.

Mr. REED. So far as not inconsistent with Federal control.

The PRESIDING OFFICER. The time of the Senator from Nebraska has expired.

Mr. NELSON. Mr. President, I am inclined to concur in the views of the Senator from Massachusetts. I think section 10 should be retained in the bill, and I will state briefly my reasons.

The President will operate these railroads through the officials and employees and operating forces of the different railroads. Manifestly we do not intend that he shall create an operating force of his own. He will give direction to these roads to operate in such and such a manner. Manifestly he will direct them to operate in a legal manner, not to violate the rights of the public.

There are many instances where a railroad may be lawless in its operations. The President may direct the Northern Pacific Railroad to carry shipments of supplies from the Pacific coast over to the East, to the seaboard. That does not authorize the Northern Pacific Railroad Co. to perform that work in a lawless manner. It does not authorize it to operate in such a manner as to destroy the life or property of anybody. In all those cases there ought to be a remedy and a relief left to the public.

All this amendment proposes to do is what it says in respect to matters not covered by the orders of the President, either under this law or the law of 1916. In all other respects the right of the public to relief and to a remedy shall continue to exist. Why should they not continue? We have given the President the power to operate these roads by this act, but it does not imply that the roads shall be operated in a lawless manner, and if

they violate the rights of the public why should not the public have a right to a remedy in those cases? That is what this proposes to do. It proposes to save to the American public all their rights and remedies existing by law against the railroads so far as they do not interfere with the order and direction of the President. Take a passenger train. The President may give direction for a passenger train to operate from here to New York. That does not give the railroad company through which the operation is carried authority to operate it in a lawless manner. It does not give that train authority to run over a wagon or team in a careless and negligent manner. If they proceed to operate that train illegally then the company that operates it is liable, as it should be liable, to the public.

So, Mr. President, while this proposed law and the other law give the President all the power to operate these trains, whatever right the public may have under the general laws, if they are not in conflict with the President's power, is saved to the public. Why should we not reserve those rights to the public and leave the American citizen to obtain all the remedies possible under existing law? It simply amounts to this, Mr. President, that we say by this law that the rights of the American public shall not be suspended because of the powers we give the President under the law.

Mr. PITTMAN. Mr. President, I think the amendment of the Senator from Nebraska is unobjectionable. It does not take away any power from the President that he would use. Section 10 is an exception to this act. Without section 10 there is no authority whatever to invoke the law against any act under this bill or the act of 1916. In granting the power to interfere with the operation of this act by a court you should limit it. You limit it in the first place by stating "in so far as not inconsistent with this act." In other words, they can bring an action so long as it is not inconsistent with Government control.

Now, it is contended that that is broad enough, and it may be broad enough. Why not go further and say that they may invoke the aid of a court when not interfering with Government control and when not interfering with an order of the President in the control of those railroads authorized by law. Certainly there can be no objection to it. Certainly if you are going to prohibit these suits which are inconsistent with the act you will also prohibit these suits when inconsistent with an order of the President made under the act.

It may be contended that the first language covers it, but at least it emphasizes the fact that in section 10 we do not intend to allow suits to be instituted that will interfere with this Government control, and where you repeat the language in the form that these suits shall not be instituted in opposition to any order of the President made by authority of law you emphasize what you mean and at the same time do not grant the President any authority in addition to that which he has by virtue of this bill and by act of 1916. I will vote for the amendment of the Senator from Nebraska, but if it is lost I will vote against the amendment of the Senator from Georgia, which I believe will limit the President's authority.

The PRESIDING OFFICER. The Chair desires to inquire of the Senator from Nebraska if the amendment which he tenders is to be treated by him as having been tendered?

Mr. SMITH of Georgia. I understood that he formally tendered it. I can not accept it, because I have no authority to accept it. I move to strike out certain words. He proposes to amend those words, and that amendment would be acted upon before a motion to strike out. If the amendment is adopted I would be very much disposed to withdraw my motion to strike out.

Mr. PITTMAN. Let the Senator withdraw his amendment and then accept the amendment of the Senator from Nebraska.

Mr. SMITH of Georgia. I do not think I have any authority to accept the amendment. It is for the Senate alone to say whether it will amend the clause.

Mr. PITTMAN. If the Senator withdraws his amendment, then the amendment of the Senator from Nebraska stands as simply an addition to the language in the bill.

Mr. SMITH of Georgia. It stands if the Senate adopts it. If I had the power to do it, I would put it right into the bill now and withdraw my amendment, but I have not the power. I move to strike out a particular clause. The Senator from Nebraska moves to amend that clause. Before the motion to strike out can be put, the motion to amend or perfect the clause must be acted upon, and the first question for consideration, therefore, will be, Shall the amendment offered by the Senator from Nebraska be adopted? which proposes to make the clause read:

Any order of the President authorized by law.

It seems to me, Mr. President, that that should satisfy every one, because unquestionably it carries the spirit of the act. It

carries the power of the act. It carries the authority to the President to do, in my opinion, everything which the Senator from Arkansas insists that he should have the power to do, but it does not give him the power to go beyond the general purposes of the act and strike down the rights of shippers. I have no idea the President would wish to do so. I have no idea the Secretary of the Treasury would wish to do so. But, Mr. President, in the handling of railroads all over the United States special orders will be issued in the name of the President in particular localities just as the Food and Fuel Control Directors and their assistants have issued special orders in the name of the President under the powers we have given the President. It is the danger of the man in a locality interfering with the right of a citizen; it is that danger, incident to the use of the power given to the President by others than the President or the Secretary of the Treasury, that I feel should cause us to limit this language to orders of the President in pursuance of law.

Mr. STERLING. Mr. President, I would just like to add one word in regard to the amendment proposed by the Senator from Nebraska. The words of the amendment conform to the other parts of the bill as otherwise expressed.

Let me call attention briefly to sections 8 and 9 and the reference in those two sections to the power conferred upon the President. Section 8 provides—

That the President may execute any of the powers herein and heretofore granted him with relation to Federal control through such agencies as he may determine, and may fix the reasonable compensation for the performance of services in connection therewith; and may utilize the personnel and facilities of the Interstate Commerce Commission and call upon members of such commission, or any of its employees, or employees of any department of the Government for such services as he may deem expedient. No such Federal official or employee shall receive any additional compensation for such services.

Now, look at the very general language in section 9:

SEC. 9. That nothing herein contained shall be construed as modifying or restricting the powers heretofore conferred upon the President to take possession and assume control of any or all systems of transportation; and the President, in addition to the powers conferred by this act, shall have, and is hereby given, such other and further powers necessary or appropriate to give effect to the powers herein and heretofore conferred. The provisions of this act shall also apply to any carriers to which Federal control may be hereafter extended.

I wonder why we should add unqualifiedly the words in section 10 "or with any order of the President," after he is given the power to make any orders to carry into effect any of the provisions of this act conferring upon him all these powers.

I am quite in sympathy with the amendment of the Senator from Nebraska [Mr. HITCHCOCK].

The PRESIDING OFFICER. The question recurs on the amendment offered by the Senator from Nebraska [Mr. HITCHCOCK] to the amendment of the Senator from Georgia. [Putting the question.] The yeas seem to have it.

Mr. SMITH of Georgia. I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. GRONNA (when Mr. LA FOLLETTE's name was called). I wish to announce that the Senator from Wisconsin [Mr. LA FOLLETTE] is absent, due to serious illness in his family.

Mr. SAULSBURY (when his name was called). Notwithstanding my general pair with the senior Senator from Rhode Island [Mr. COIT], I have been voting thus far on the bill with the committee. I have heard from him to-day that that is his understanding in regard to his pair. I therefore at this time vote. I vote "nay."

Mr. SHERMAN (when his name was called). I have a pair with the senior Senator from Kansas [Mr. THOMPSON]. I transfer that pair to the senior Senator from New York [Mr. WADSWORTH] and vote "nay."

Mr. OVERMAN (when Mr. SIMMONS's name was called). My colleague [Mr. SIMMONS] is detained from the Senate on official business.

Mr. TILLMAN (when his name was called). I transfer my pair with the Senator from West Virginia [Mr. GOFF] to the Senator from Louisiana [Mr. BROUSSARD] and vote "nay."

Mr. ASHURST (when Mr. TRAMMELL's name was called). The junior Senator from Florida [Mr. TRAMMELL] is unavoidably detained from the Chamber. If present he would vote "yea."

The roll call was concluded.

Mr. LEWIS. I merely rise to announce the absence of the Senator from Oregon [Mr. CHAMBERLAIN] and the Senator from Kentucky [Mr. JAMES], occasioned by personal illness.

Mr. MYERS. On account of the state of health of my colleague [Mr. WALSH] he is still detained from attendance in the Senate. He is paired with the Senator from New Jersey [Mr. FREELINGHUYSEN]. This announcement may stand for the day.

Mr. WILLIAMS (after having voted in the negative). I have a standing pair with the senior Senator from Pennsylvania



[Mr. PENROSE]. I thought he had voted a moment ago. I find he has not. I transfer my pair to the Senator from North Carolina [Mr. SIMMONS] and let my vote stand.

Mr. FLETCHER. I inquire whether the senior Senator from New Hampshire [Mr. GALLINGER] has voted?

The PRESIDING OFFICER. He has not.

Mr. FLETCHER. I have a general pair with that Senator. I transfer my pair to the Senator from Oklahoma [Mr. OWEN] and vote "nay."

Mr. LODGE. My colleague [Mr. WEEKS] is absent, and, as I stated yesterday, he has a general pair with the Senator from Kentucky [Mr. JAMES].

Mr. FRELINGHUYSEN. I transfer my general pair with the Senator from Montana [Mr. WALSH] to the senior Senator from Connecticut [Mr. BRANDEGEE] and vote "nay."

Mr. HARDING. I have a general pair with the junior Senator from Alabama [Mr. UNDERWOOD], but with the understanding that upon the bill and any amendments thereto either is privileged to vote in the absence of the other. Therefore I avail myself of the opportunity of voting. I vote "nay."

Mr. KNOX (after having voted in the negative). When my name was called I voted "nay," neglecting to state that I have a general pair with the senior Senator from Oregon [Mr. CHAMBERLAIN], which I transfer to the junior Senator from New York [Mr. CALDER].

Mr. WOLCOTT (after having voted in the negative). I wish to inquire if the Senator from Indiana [Mr. WATSON] has voted?

The PRESIDING OFFICER. He has not.

Mr. WOLCOTT. I have a general pair with that Senator. I transfer that pair to the senior Senator from Texas [Mr. CULBERSON] and let my vote stand.

The result was announced—yeas 25, nays, 46, as follows:

## YEAS—25.

Cummins	Johnson, Cal.	Pittman	Thomas
Dillingham	Jones, Wash.	Reed	Townsend
Gore	Kenyon	Smith, Ga.	Vardaman
Gronna	Kirby	Smith, Mich.	Warren
Hardwick	Lodge	Smoot	
Hitchcock	McCumber	Sterling	
Hollis	Norris	Sutherland	

## NAYS—46.

Ashurst	Jones, N. Mex.	New	Sherman
Bankhead	Kellogg	Nugent	Shields
Beckham	Kendrick	Overman	Smith, Ariz.
Curtis	King	Page	Smith, Md.
Fernald	Knox	Phelan	Smith, S. C.
Fletcher	Lewis	Polindexter	Stone
Frelinghuysen	McKellar	Pomerene	Swanson
Gerry	McLean	Ransdell	Tillman
Hale	McNary	Robinson	Williams
Harding	Martin	Saulsbury	Wolcott
Henderson	Myers	Shafroth	
Johnson, S. Dak.	Nelson	Sheppard	

## NOT VOTING—23.

Borah	Culberson	La Follette	Underwood
Brandegge	Fall	Owen	Wadsworth
Broussard	France	Penrose	Walsh
Calder	Gallinger	Simmons	Watson
Chamberlain	Goff	Thompson	Weeks
Colt	James	Trammell	

So Mr. HITCHCOCK's amendment to the amendment was rejected.

The PRESIDING OFFICER. The question recurs upon the amendment offered by the Senator from Georgia [Mr. SMITH], which will be stated.

The SECRETARY. On page 11, line 6, after the word "control," it is proposed to strike out the words "or with any order of the President."

The PRESIDING OFFICER. The question is on the amendment of the Senator from Georgia.

The amendment was rejected.

Mr. TOWNSEND. Mr. President, I move to strike out the first paragraph of section 10, referring to this subject, and to insert the amendment which I send to the desk.

The PRESIDING OFFICER. The Senator from Michigan offers an amendment to section 10, which the Secretary will state.

The SECRETARY. It is proposed to strike out the first paragraph of section 10, being all of the language embraced between lines 3 and 12, both inclusive, on page 11, and in lieu thereof to insert:

That during the period of Federal control any suit or proceeding (of such a character that but for Federal control it could be brought against the owner of any railroad or system of transportation and any amount paid in compromise thereof or in satisfaction of a judgment or decree therein charged to operating expenses or to railway tax accruals under the Interstate Commerce Commission classification of accounts in force on December 27, 1917), may, except as otherwise provided in this act, be instituted against the United States in any court or tribunal which would have jurisdiction of such suit or proceeding but for Federal control, and process therein may be served on the same persons and in the same manner as would be proper but for Federal control, and subsequent proceedings shall be the same as would be proper but for Federal control.

No process, mesne or final, shall be levied against any property under Federal control, or, in connection with any suit or proceeding that may properly be brought against the United States under this section, against any property belonging to the owner of a railroad or system of transportation; but the President shall, by regulation, provide for the payment out of the operating revenue derived from Federal control or, if that is insufficient, out of the revolving fund of any judgments or awards, and for the enforcement of any decrees or orders that may be rendered against the United States in any such suit or proceeding.

That except as otherwise provided in this act the operating accounts and business shall be continued as in a going concern, so that operating accounts and claims, which have been deferred in the ordinary course of railroad business and which are not paid at the beginning of Federal control of a railroad or system of transportation and which are of a character properly chargeable to operating expenses, shall be paid out of operating income or out of the revolving fund; and on the surrender of such railroad or system of transportation it shall be returned subject to any operating accounts and claims that may be unpaid, if such accounts and claims have been deferred in the ordinary course of railroad business.

Mr. TOWNSEND. Mr. President, I am only going to say a word. My understanding of this provision is that it is to take care of liabilities for suits, to make provision for them, and to provide what laws shall apply. There was no other object in mind when this matter was before the committee.

The provision which I have offered takes care of those cases. It will afterwards be determined whether the committee acts upon this measure or not, because it is bound to be a controverted question. Therefore I offer the amendment as a substitute, and I ask to have a vote upon it.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Michigan. [Putting the question.] The "noes" seem to have it.

Mr. TOWNSEND. Mr. President, I ask for the yeas and nays on that proposition.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. GRONNA (when Mr. LA FOLLETTE's name was called). The Senator from Wisconsin [Mr. LA FOLLETTE] is detailed from the Senate Chamber on account of serious illness in his family.

Mr. SHERMAN (when his name was called). I announce the same pair and its transfer as on the former vote and vote "nay."

The roll call was concluded.

Mr. FLETCHER. I make the same announcement as to my pair and its transfer as before, and vote "nay."

Mr. OVERMAN. Mr. President, I inquire if the Senator from Wyoming [Mr. WARREN] has voted?

The PRESIDING OFFICER. He has not.

Mr. OVERMAN. I have a pair with that Senator, but I transfer that pair to my colleague [Mr. SIMMONS] and vote "nay."

Mr. HARDING. Repeating the announcement relative to my pair and its transfer which I made on the previous roll call, I vote "yea."

Mr. FRELINGHUYSEN. Making the same announcement as to my pair and its transfer as I made before, I vote "yea."

Mr. WATSON (after having voted in the negative). I have a general pair with the junior Senator from Delaware [Mr. WORRETT]. I observe that he is absent. I transfer my pair with him to the Senator from Rhode Island [Mr. COLT] and will let my vote stand.

The result was announced—yeas 20, nays 44, as follows:

## YEAS—20.

Cummins	Harding	Lodge	Smith, Mich.
Dillingham	Hardwick	Norris	Smoot
France	Johnson, Cal.	Page	Thomas
Frelinghuysen	Jones, Wash.	Reed	Townsend
Gronna	Kenyon	Shafroth	Vardaman

## NAYS—44.

Ashurst	Kellogg	New	Sheppard
Bankhead	Kendrick	Nugent	Sherman
Beckham	King	Overman	Shields
Culberson	Kirby	Penrose	Smith, Ariz.
Curtis	Knox	Phelan	Smith, Md.
Fernald	Lewis	Pittman	Smith, S. C.
Fletcher	McCumber	Polindexter	Stone
Gerry	McKellar	Pomerene	Sutherland
Hale	McLean	Ransdell	Swanson
Henderson	Martin	Robinson	Watson
Hollis	Myers	Saulsbury	Williams

## NOT VOTING—30.

Borah	Goff	Nelson	Underwood
Brandegge	Gore	Owen	Wadsworth
Broussard	Hitchcock	Simmons	Walsh
Calder	James	Smith, Ga.	Warren
Chamberlain	Johnson, S. Dak.	Sterling	Weeks
Colt	Jones, N. Mex.	Thompson	Wolcott
Fall	La Follette	Tillman	
Gallinger	McNary	Trammell	

So Mr. TOWNSEND's amendment was rejected.

Mr. KIRBY. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER (Mr. McKellar in the chair). The amendment proposed by the Senator from Arkansas will be stated.

The SECRETARY. It is proposed to amend the bill by striking out on page 10 all after the word "interest," in line 1, down to and including line 6.

Mr. KIRBY. Mr. President, this bill, as I understand it, is proposed in order that the President may carry out more efficiently the Federal control of the railroads that has been assumed under the authority of the act passed in 1916. I have heard no discussion as to whether or not the act of taking control of these railroads was legal. My own opinion has been that the President did not take control of the railroads in accordance with the authority granted in that act or that might necessarily be implied from it. But the passage of this bill will of course authorize and ratify the taking of control and remedy any possible defect that may exist in that respect.

However, Mr. President, it seems to me that there is no necessity for the Government of the United States now, with the Treasury burdened as it has been and as it will be, buying and trafficking in securities of impecunious railroads. Generally speaking, those railroads which have extended their credit and used to a large extent are the ones that will be required to use it more, and the President is authorized by this bill to take the money of the people out of the Treasury and buy railroad stocks. Under the law as it exists the railroads have a right to continue their operations, borrowing money and making mortgages, and if the Government should buy bonds secured by a second or third mortgage, then we might as effectually be frozen out in foreclosure and the Government would lose its money just as surely as we have lost the money that we sent to establish a provisional government in Russia when we picked out the wrong faction.

It seems to me we ought not to go into that sort of business and that it ought not to be authorized. On that account I have presented this amendment. It does not interfere with the railroads going on with the sale of their securities; it only refuses to authorize the Government to deal in such securities.

Mr. KELLOGG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Minnesota?

Mr. KIRBY. Certainly.

Mr. KELLOGG. I beg pardon; I thought the Senator had concluded.

Mr. KIRBY. That is all I have to say about the amendment. Mr. SMITH of Michigan. Mr. President, I should like to ask the Senator from Arkansas a question.

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Michigan?

Mr. KIRBY. Certainly.

Mr. SMITH of Michigan. I should like to ask whether the Senator construes the language in the first line, on page 10, as mandatory upon the President or discretionary?

Mr. KIRBY. The President may do what I have suggested; he is authorized to do so.

Mr. SMITH of Michigan. But is it a discretion or is it a direction?

Mr. KIRBY. Certainly it is within his discretion; we do not compel him to do it; but I do not think the power ought to be granted under which it could be done.

Mr. TOWNSEND. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the junior Senator from Michigan?

Mr. KIRBY. Yes.

Mr. TOWNSEND. Has the Senator considered, in looking over this provision to which the Senator from Minnesota and others in the Senate have given such care, what the President will do when he purchases the securities, how he would vote them, who would vote them, and how they would be represented in reference to the railroad? There is not a thing in the bill that makes any provision in that regard, but it is all left entirely blank.

Mr. KIRBY. This provision in effect authorizes the President to deal in stocks and other securities of impecunious and bankrupt railroads, and I do not think that ought to be done.

Mr. KELLOGG. Mr. President, it is a well-known fact that there are securities of railroads coming due in 1918 and in 1919—something like \$400,000,000 in the next two years. It is a fact that it is impossible for the railroads to sell those securities on the market on a basis which the Government desires them to be sold when the Government is occupying the entire field with Government loans. The Secretary of the Treasury

was very anxious that the power should be given to the Government to take any securities which might be necessary in order to render effective Government control, not to make it too expensive, and to relieve the conditions of the railroads.

Furthermore, it may be necessary for the President to authorize the extension of a road to some shipbuilding plant or other Government enterprise, and some one must finance the construction of such lines or the improvements necessary to make the Government operation effective.

This provision of the bill simply authorizes the President to take up each case and decide whether the Government out of the revolving fund shall temporarily take the securities of the railroads.

Mr. KIRBY. Mr. President, I should like to ask the Senator a question.

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Arkansas?

Mr. KELLOGG. I yield.

Mr. KIRBY. Is it not a fact that under the authority granted the President can buy railroad securities out of any fund, without regard to the revolving fund?

Mr. KELLOGG. No; he will buy them out of the revolving fund.

Mr. KIRBY. That is the question I wanted to ask.

Mr. KELLOGG. He will buy them out of the revolving fund created for that purpose.

Mr. KIRBY. The bill provides that that fund may be used, but it does not necessarily limit the President to the use of that fund. He may buy them from other funds, and is authorized so to do.

Mr. KELLOGG. He has no other fund with which he could buy securities except the revolving fund which is created for that purpose.

Mr. POMERENE. Mr. President, if the Senator will permit me, the President could not use other funds without special authority.

Mr. KELLOGG. Certainly he could not.

Mr. OVERMAN. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from North Carolina?

Mr. KELLOGG. Yes.

Mr. OVERMAN. The Senator used the word "temporarily." Is the bill so framed that the President can only make a temporary purchase?

Mr. KELLOGG. The object is to authorize the President to make temporary purchases during the period of Government operation, of course.

Mr. OVERMAN. I understand that; but there is nothing in the bill to that effect, is there?

Mr. KELLOGG. It is not intended by this bill to authorize the United States Government to go into the business of speculating in railroad securities.

Mr. OVERMAN. But he might buy all the securities owned by the railroads if he wanted to do so, might he not?

Mr. KELLOGG. But it is impossible with the \$500,000,000 in the revolving fund to do anything of that kind.

Mr. OVERMAN. I understand as to that; but the question in my mind is as to whether it is limited to the revolving fund and is merely temporary.

Mr. SMITH of Michigan. Mr. President, if the Senator from Minnesota will pardon me, it may come to be very permanent if the President is authorized to buy the securities and then has no power to sell them for less than he paid for them. If the market goes down a penny after he has acquired these securities, he has got them on his hands and under the law can not sell them.

Mr. OVERMAN. Mr. President, if the Senator from Minnesota will yield to me again, my attention was attracted by his use of the word "temporarily," and I wanted to know if the bill is so framed that the authority granted would be temporary. I should like to see it made temporary. Of course the Government can only hold the railroads in control up to the expiration of 18 months following the proclamation of peace, but in the meantime he might purchase the securities and continue to hold them.

Mr. KELLOGG. Mr. President, it is not practicable to require the President to sell the securities he acquires under this provision within a definite time; he may not be able to sell them within a fixed time. It is absolutely necessary that the President should have some authority to finance extensions and to finance securities which are to fall due during the present year, for in no other way can we make Government operation effective.



So far as concerns any direction as to how the President shall vote stocks or what he shall do with bonds, it is impossible to meet all conditions which may happen by detailed specifications in this bill. I think it is absolutely necessary that the President should have this power.

Mr. OVERMAN. I also think he ought to have the power.

Mr. SMITH of Michigan. Mr. President, I want to ask the Senator from Minnesota, for whom I have great respect, whether he does not think it desirable to so qualify that clause that the President must dispose of these securities, even at a small loss, and thus rid the Government of its ownership of that kind of property? Suppose, for instance, he acquired securities of the New York Central Railroad at par and the market should drop to around 99. Under this provision in the bill he could not sell a dollar's worth of the stock he had purchased at par. He ought to have that right. It would be perhaps less objectionable that he should be permitted to sell than that he should continue to hold them.

Mr. KELLOGG. Mr. President, so far as the Senator from Minnesota is concerned he is willing to give the discretion to the President to sell the securities he acquires at less than par, but we believed that the Congress would desire to limit the power of the President to do so.

It is not probable that the President is going to buy railroad stocks, but when a railroad needs money for the purchase of new cars or for extensions the President will undoubtedly make an arrangement for the issuance of bonds of the railroad secured upon its property, and the President will, if necessary, buy those bonds from the money in the revolving fund. Secretary McAdoo expressed his hope that the railroads would be able to sell some of their securities or refund some of their securities without the Government's assistance; but if that can not be done then it will become necessary that they should be financed to that extent.

Mr. SMITH of Michigan. Mr. President, if the Senator will allow me, my point is this, that I do not want the President or the Government to maintain stock values on the exchange at the price at which the securities were purchased in order that he may let go of the stocks of a railroad corporation. It does not look to me as though that were wise. If he can shake them off at a small loss, perhaps that would be more desirable than that he should continue to hold stock in private or semi-private corporations.

Mr. POMERENE. Mr. President, I hope this amendment will not prevail. It has occurred to everyone who has given any study to the subject that one of the very great difficulties which we have had in the past few months has been to sell railway securities. Many of them have fallen in value from 25 to perhaps 35 per cent.

A year or more ago, when it was found that it was necessary to add to the rolling stock of the companies, the railroads had very serious difficulty in getting the necessary funds. They did, I believe, succeed finally in making arrangements for the funds, but they were not able to have either engines or freight cars built. Now, if the railroads were not able to do their own financing when they had possession and control of the property how can we reasonably expect these same railroads to finance their properties when they do not have control or possession of them?

I recognize the fact that it is an unwise thing to have the Government unnecessarily go into the task of financing railroads, but we are doing many things now which we would not do in normal times; and if these securities are to mature from month to month and year to year, and the properties are not in the possession of the railroads, how can we expect them to raise the necessary money under war conditions? And is it not a wise thing to confer this discretionary power upon the Government to aid them?

Mr. KIRBY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Arkansas?

Mr. POMERENE. I yield.

Mr. KIRBY. Would it not be better to provide by law a postponement of the payment of these obligations, and let the Government pay the interest, rather than to unload the whole thing on the Government?

Mr. POMERENE. Well, Mr. President, that is a good way to depress the price of securities. Of course, we can provide a sort of a moratorium here, and we can prevent those who are the holders of these securities from collecting them; but is it a wise thing now to do it? We may have to do it later. At the present time all the surplus money of the country is going into subscriptions for Government bonds, for Red Cross funds, and for Young Men's Christian Association funds. The Government has preempted the money market; and now, having substantial

control of that, knowing the vast amount of railway securities which are maturing, must we not, as a business proposition, aid in taking care of the responsibilities which now rest upon the companies?

The Senator from Minnesota has referred to the fact that there are about \$200,000,000 of these securities maturing this year, \$200,000,000 the next year, and, as my memory now serves me, more than \$400,000,000 the third year. For this reason it does seem to me that it would be very unwise if we did not confer this power upon the President.

The PRESIDING OFFICER. The question is upon agreeing to the amendment offered by the junior Senator from Arkansas [Mr. KIRBY].

Mr. SMOOT. Mr. President, may the amendment be stated?

The PRESIDING OFFICER. The Secretary will state the amendment.

The SECRETARY. The junior Senator from Arkansas proposes the following amendment:

On page 10, strike out the following words, beginning after the word "interest," in line 1:

The President may purchase for the United States all or any part of such securities at prices not exceeding par, and may sell such securities whenever in his judgment it is desirable at prices not less than the cost thereof; any sums available from the revolving fund provided in section 6 may be used for such purchases.

Mr. SMOOT. Mr. President, I think it would be very unwise to adopt this amendment. The chairman of the Finance Committee [Mr. SIMMONS] yesterday reported to the Senate a bill authorizing a corporation to be organized under the provisions of the bill to make advances to railroads and all public-utility corporations. The \$500,000,000 provided in this bill as a revolving fund is a mere bagatelle compared to what has to be advanced, not only to the railroads but to the business concerns of this country, in the next year.

Mr. KIRBY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Arkansas?

Mr. SMOOT. Yes; I yield to the Senator.

Mr. KIRBY. Does not the Senator think that authority is granted by the provision that is proposed to be stricken out for the President to buy all the securities that he cares to buy, and obligate the Government to pay for them, whether this revolving fund is big enough to do it or not?

Mr. SMOOT. The revolving fund is not big enough to do it; and not only that, but the bill that I have referred to protects the Government or its corporation when advances are made on securities, not only to the railroads but from other public-utility corporations and to the banks of the country, including the savings banks of the country. That bill gives all the power that could possibly be asked on the part of the Government to finance all the institutions of the country.

I do not want to take the time of the Senate now to go into the details of the bill, but I want to say now that it will not be \$500,000,000, but it will be billions of dollars, that will have to be advanced to the business interests of this country in order to carry them over during the duration of this war. The bill that was reported yesterday by the senior Senator from North Carolina [Mr. SIMMONS] provides a maximum of \$4,500,000,000, and specific arrangements are made for railroads in paragraph (d) of section 6 of the bill. We take care of them, as well as the other public utilities.

Mr. CUMMINS. Mr. President, there are so many provisions in this bill which I can not reconcile with good legislation that my opinion with regard to any particular part of it must not be very highly regarded. Nevertheless, I am moved to say this with regard to the part of the bill that is sought to be stricken out:

If the Senate had adopted the amendment which I proposed relating to compensation this provision would not involve a great burden upon the Treasury, for the Government could have taken the surplus which, under my amendment, would be paid into the Treasury, and it would have been ample to care for the maturing obligations of these carriers, in my opinion. But the Senate chose to authorize giving to the railway companies a compensation that will put in their hands a surplus ample to do these things.

I do not think it possible, after paying to the railway companies this compensation that we propose, to avoid giving to the President the authority to buy railway securities. I would have been much better satisfied if the securities had been limited to bonds, and had not been extended to stocks; but that probably is not a very serious matter, as I can not conceive that the President will buy to any great extent the stocks of the railway companies.

For these reasons I find it impossible to support the amendment proposed by the Senator from Arkansas.

Mr. SMITH of South Carolina. Mr. President, it is not necessary for me to go further, except that I should like to say that I am of opinion that had the amendment of the Senator from Iowa prevailed, restricting the roads to the amount to which he would have restricted them, I think the Government would have had to buy all of these bonds. I think the persons who held them would have thought them practically worthless, and would have thrown them on the market, because they would have been so restricted.

But be that as it may, this provision was written into the bill to take care of the securities that it was ascertained were likely to come on the market during the time of Federal control, and to provide, in case their protection was necessary, for the Government to do it, in order that the immense financial requirements of the country for war purposes should not be embarrassed by these transportation securities being thrown on the market at the very time Government securities were to be thrown on the market. It was to take care of that condition that this provision was written in the bill.

Mr. VARDAMAN. Mr. President, may I ask the Senator a question before he takes his seat?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Mississippi?

Mr. SMITH of South Carolina. I do.

Mr. VARDAMAN. What protection would the Government have if those bonds should decline still further after the Government purchased them?

Mr. SMITH of South Carolina. The only protection the Government would have is the protection that all Government securities have—the power of the Government back of them.

Mr. VARDAMAN. But if the Government bought the bonds at a certain price, and the bonds were to depreciate, the Government then would suffer the loss resulting in the depreciation of the bonds, would it not?

Mr. SMITH of South Carolina. Oh, no. The Government would still have the property.

Mr. VARDAMAN. And the loss would be pocketed by the people. But maybe that is of no special concern just now.

Mr. SMITH of South Carolina. Well, if any loss should accrue, I do not anticipate that any great amount would be thrown on the market. It seems to me that under the provisions of this bill the very security that is guaranteed by this paragraph will take care of itself without this paragraph necessarily being invoked to take care of it.

Mr. KIRBY. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Arkansas?

Mr. SMITH of South Carolina. I do.

Mr. KIRBY. This provision does not lessen the guaranteed return of profits or dividends, does it?

Mr. SMITH of South Carolina. No.

Mr. KIRBY. Then this is in addition. After the Government guarantees all the returns that the roads have been making heretofore, you authorize the Government then to buy these securities that may be offered.

Mr. SMITH of South Carolina. Why, that is a part of the same principle. If we guarantee and maintain the stability of these securities in allowing them to make what they have made heretofore, then, if they come on the market, in order to carry out the same purpose of stabilizing the market, you must provide this or you absolutely nullify the very object for which you started out in securing this interest.

Mr. KIRBY. The Government pays the road a dividend for the operation of the road. Is not that true?

Mr. SMITH of South Carolina. It allows the road to earn the same dividend that it has been earning; and it did that in order that the public might know that they would suffer no diminution in the value of the securities.

Mr. KIRBY. Certainly.

Mr. SMITH of South Carolina. Now, when the securities mature, if there is difficulty in financing them, we provide that they also shall be financed by the Government.

Mr. KIRBY. But if the Government pays for the operation of the road and operates the road, it gets all the service it has expected to get without buying the bonds; does it not?

Mr. SMITH of South Carolina. But suppose the bonds mature?

Mr. KIRBY. It would not affect the operation of the road, if the Government paid for the operation of the road, would it?

Mr. SMITH of South Carolina. It would affect the value of the bonds, if they were to be thrown on the market, and might also affect the sale of Government securities as well.

The PRESIDING OFFICER. The question is upon agreeing to the amendment offered by the Senator from Arkansas [Mr. KIRBY].

Mr. KENYON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Jones, Wash.	Nugent	Smith, S. C.
Bankhead	Kellogg	Overman	Smoot
Beckham	Kendrick	Owen	Sterling
Culberson	Kenyon	Page	Sutherland
Cummins	King	Phelan	Swanson
Curtis	Kirby	Poindexter	Thomas
Dillingham	Knox	Ransdell	Tillman
France	Lewis	Robinson	Townsend
Gerry	McCumber	Saunders	Trammell
Gronna	McKellar	Shafroth	Underwood
Hale	McLean	Sheppard	Vardaman
Harding	McNary	Sherman	Warren
Henderson	Martin	Shields	Watson
Hollis	Myers	Smith, Ariz.	Williams
Johnson, Cal.	New	Smith, Md.	Wolcott
Johnson, S. Dak.	Norris	Smith, Mich.	

Mr. CURTIS. I announce the unavoidable absence of the senior Senator from Rhode Island [Mr. COLT]. I will let this announcement stand for the day.

The PRESIDING OFFICER. Sixty-three Senators are present, a quorum. The question is upon agreeing to the amendment offered by the Senator from Arkansas [Mr. KIRBY].

Mr. GRONNA. Mr. President, may we have the amendment stated?

The PRESIDING OFFICER. Without objection, the amendment will be stated.

The SECRETARY. The Senator from Arkansas [Mr. KIRBY] proposes to amend by striking out, on page 10, all after the word "interest," in line 1, down to and including line 6, on page 10.

Mr. THOMAS. I call for the yeas and nays on the amendment.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. KNOX (when his name was called). Repeating my announcement as to transfer, I vote "nay."

Mr. TILLMAN (when his name was called). I transfer my pair with the senior Senator from West Virginia [Mr. GOFF] to the junior Senator from Louisiana [Mr. BROUSSARD] and vote "nay."

The roll call was concluded.

Mr. FRELINGHUYSEN. Making the same announcement as on previous votes. I vote "nay."

Mr. SHERMAN. I am paired with the senior Senator from Kansas [Mr. THOMPSON]. I transfer that pair to the senior Senator from New York [Mr. WADSWORTH] and vote "nay."

Mr. WILLIAMS. Upon this question I desire to vote "nay." I am informed that the senior Senator from Pennsylvania [Mr. PENROSE], with whom I am paired, if he were present would also vote "nay." I therefore feel at liberty to vote.

Mr. CURTIS. I desire to announce the absence on official business of the senior Senator from New Hampshire [Mr. GALINGER]. He is paired with the senior Senator from Florida [Mr. FLETCHER]. I will let this announcement stand for the day.

The result was announced—yeas 11, nays 58, as follows:

YEAS—11.			
Gore	Johnson, Cal.	Kirby	Townsend
Hardwick	Johnson, S. Dak.	Norris	Vardaman
Hollis	Jones, Wash.	Thomas	

  

NAYS—58.			
Ashurst	Kellogg	Owen	Smith, S. C.
Bankhead	Kendrick	Page	Smoot
Beckham	Kenyon	Phelan	Sterling
Culberson	King	Pittman	Stone
Cummins	Knox	Poindexter	Sutherland
Curtis	Lewis	Pomerene	Swanson
France	Lodge	Robinson	Tillman
Frelinghuysen	McCumber	Shafroth	Trammell
Gerry	McKellar	Sheppard	Underwood
Gronna	McLean	Sherman	Warren
Hale	McNary	Shields	Watson
Harding	Martin	Simmons	Williams
Henderson	Myers	Smith, Ariz.	Wolcott
Hitchcock	New	Smith, Md.	
Jones, N. Mex.	Nugent	Smith, Mich.	

NOT VOTING—25.			
Borah	Fall	Nelson	Thompson
Brandegge	Fernald	Overman	Wadsworth
Broussard	Fletcher	Penrose	Walsh
Calder	Gallinger	Ransdell	Weeks
Chamberlain	Goff	Reed	
Colt	James	Saunders	
Dillingham	La Follette	Smith, Ga.	

So Mr. KIRBY's amendment was rejected.

Mr. CUMMINS. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated,



The SECRETARY. It is proposed to amend section 1 by adding thereto the following:

*Provided further,* That every railroad not owned, controlled, nor operated by another carrier company, and which has heretofore competed for traffic with a railroad, or railroads, of which the President has taken the possession, use, and control, shall be held and considered as within "Federal control," as herein defined, and shall be entitled to the benefit of all the provisions of this act.

Mr. CUMMINS. Mr. President, it is obvious that the amendment just read presents one of the exceedingly important questions which arise out of this legislation. We do not know what railroads have been taken over. As I remarked the other day, there has been, so far as we are informed, no definite or specific action on the part of the Director General in determining just what roads have been taken over.

There are in this country a great many small, independent, short-line roads. None of them are very prosperous. They have been built in order to give the communities which they serve such relief as competition with the trunk lines or systems may afford. They depend for their existence upon the activity and the vigilance of the officers or agents of the line in soliciting business. They could not exist at all in all probability if it were not for that part of the interstate-commerce law which gives to shippers the right to route the freight which they offer for transportation. That right has been taken away; that part of the law has been repealed; and the President or the Director General now assumes, as I think he may lawfully assume, the authority to divert traffic wherever it seems best for him to divert it.

I can not enter into the evidence which was laid before the committee at very great length and with absolute conclusiveness, but the consequence of taking over the trunk lines, competitors of the short lines, will be to destroy them. They have already suffered such embarrassment that bankruptcy stares them in the face.

We are proposing to finance the railroads which have been taken over, and you can imagine what opportunity the short-line independent roads will have to finance themselves or aid or better themselves in any way when every market for their securities will have been foreclosed through Government competition.

Now, we have taken over these railroads upon the assumption that we ought to unify the transportation systems of the United States. We have taken them over upon the assumption that the old laws of competition are no longer to be regarded—that is, during the war. We are entering on an effort to consolidate the energies of all railroads, so that they can be used with the utmost competency as a whole, and yet the short lines are not to be taken over, because we were advised in the hearings that many of them would not be taken over, although it was impossible to tell just which of them would be taken over and which would not, but we were left under the impression, and I think a fair impression, that a very few of them would be taken over.

Mr. President, if we undertake the operation of these great lines without giving the short-line independent roads—competitive roads—the benefits of this bill we will drive all of them into insolvency, and when the period of Federal control shall have passed the great railroads of this country will be able to absorb the small ones at whatever cost it may deem wise for the great lines to give the smaller ones.

I hope that the amendment to the amendment may prevail.

Mr. SMITH of South Carolina. Mr. President, this matter was gone into pretty thoroughly in the committee. I think the Senate should know that when the proponents of the bill, the representatives of the administration, first came before us the question was asked, "What part of the railroad system of this country would be taken over?" The reply was that it was understood that all the roads, possibly going so far as little private logging roads, might under the terms of the bill be considered as a part of the system.

Be that as it may, the object and purpose of the bill is that the Government of this country shall avail itself of the transportation facilities. These roads have been built up under the competitive system. As the Senator from Iowa says, they are independent; they are competitive. It is needless for me to offer an illustration to show that that is true. In common justice, in fairness to the carriers of this country, and to the people whom the carriers serve, I think the roads that the Senator describes should be incorporated in the bill.

You can not calculate the value of a road by the amount of money that is invested in it. You can not calculate the value of a road by the earnings it makes. The only way you can calculate the benefit of the railroads to the people to-day is from a comparison with other means of transportation and com-

munication. I had a little experience that gave me a keen appreciation of the value of railroads when I rode 30 miles on a train to reach a certain point, which point was 15 miles away from any railroad station. I paid a little less than a dollar. I went 30 miles. I saved money. I saved time. I was as fresh when I got off the train as when I got on it. I paid \$5 for a private conveyance to take me, in two hours, over the 15 miles that I had to go by private conveyance.

I use that as an illustration to show that the people of the community in the transportation of their goods are entitled to the same fair consideration as those who are contiguous to the great trunk lines bear to the points at which the smaller lines converge and which would not exist were it not for the small lines.

I think the road described by the Senator from Iowa ought to be incorporated in this bill and be taken care of for the benefit of the public.

Mr. OVERMAN. Mr. President, I hope the amendment will be adopted. The State of North Carolina is known to be quite a manufacturing State. There are many little manufacturing towns which were discriminated against by exorbitant freight charges and relief could not be had from the Interstate Commerce Commission.

On the eastern side of my State is the Atlantic Coast Line Railroad, a great trunk line, running through the entire State; on the west and in the Piedmont section of the State is the Southern Railroad; and in the central part of the State is the Seaboard Air Line Railroad. The people took the matter in their own hands and built from 20 to 30 short-line railroads, connecting these little towns with the Atlantic Coast Line, the Southern, and the Seaboard Air Line so that they could secure competitive rates.

North Carolina has been discriminated against because it was in a classification district south of Virginia and the State suffered from exorbitant rates. These little short-line railroads have given lower rates. It is the only way they can get them. They could not get it through the commission. By this means our people have been able to get cheaper rates and have built up wonderful little towns, manufacturing towns, and made our State prosperous and rich.

Giving the power to change the routing, and give these roads no freight, bankruptcy will be the result, and there no longer will be any short-line roads. Competitive lines and the people will be in the hands of the great trunk lines and will be robbed by higher freight rates. They will all be bankrupt. In my State one railroad was built by a half dozen men who advanced the money themselves. They put in all the money and built a railroad for the purpose of getting cheaper rates. If you do not take over these short-line railroads, they will be bankrupt by act of their own Government, and I am sure the Government does not want to bankrupt these small lines.

I think it is the duty of the Senate to adopt this amendment. In fact in the House of Representatives the committee itself has adopted an amendment which probably does not go as far as this, but an amendment which I think will pass the House.

Mr. VARDAMAN. May I ask the Senator from North Carolina a question?

Mr. OVERMAN. I yield.

Mr. VARDAMAN. Or, rather, may I be permitted to make a suggestion to the Senator? If the Government takes over these roads in order to save the roads, is there not a likelihood of bankrupting the Government? I am more interested in protecting the interests of the Government than I am in looking after the private pecuniary welfare of the railroads.

Mr. OVERMAN. Not at all, Mr. President; if we route the freight over roads like the trunk lines have been doing the roads will make money, as they have been doing.

Mr. VARDAMAN. I thought this bill was for the purpose of taking over the railroads to enable the President to successfully conduct this war and carry the commerce of the Nation. I had no idea anyone had in mind that it was done with a view of promoting the interest of a private enterprise or protecting private property.

Mr. OVERMAN. Nor destroy it, as the Senator from Missouri [Mr. STONE] suggests to me. It is not intended that the Government should destroy this property that the people have built up.

Mr. THOMAS. It is trying to destroy the oil locations of our citizens, and I am afraid it may succeed.

Mr. HARDWICK. Mr. President, I wish to say but a word in support of this proposition. There is no one who is going to vote on this bill who doubts, or not many at least who doubt, but what the real reason back of this legislation is the financial situation in which these railroads will find themselves on account of the condition of the money market and the Government neces-

sity to float loans. That being true in spite of the suggestion of the Senator from Mississippi [Mr. VARDAMAN], and he seems to be the only man who is doubtful on the point—that being true, I want to ask the Senate if it is fair and just to extend this financial help for a limited period to all great and rich and powerful railroads and deny it to the weak and small and the poorer railroad. If the Pennsylvania System, for instance, or the Great Northern, or the Northern Pacific, or the Chicago, Milwaukee & St. Paul could not get money in the condition of the money market that we expect the money market to be in it is practically certain that these smaller lines could not. You leave them to inevitable ruin, you send them to their death unless you do this thing, because none of the other remedies that might be adopted to relieve the railroads, of course, will be adopted if this plan of Government operation for a limited period prevails, as it seems likely to prevail.

Mr. POINDEXTER. Will the Senator yield?

Mr. HARDWICK. I yield.

Mr. POINDEXTER. If the object in taking over the roads had been primarily that of protecting the securities, would it not have been a much simpler proceeding to have passed an act for the protection of the securities instead of taking over the roads and operating them?

Mr. HARDWICK. Exactly, and that is what I urge the Senate to do, and that is the reason why I am not going to vote for the bill no matter how you fix it, because it could have been done in a much simpler and easier way, and it could yet be done in a much easier and simpler way.

Mr. POINDEXTER. Will the Senator yield further?

Mr. HARDWICK. I can not yield to the Senator under the five-minute rule. We are not going to do that if we adopt this other plan, and I do not think any Senator seriously doubts but that the financial consideration is the principal consideration moving us in this matter. That being true, is the ruin to fall on the great and small alike? Are we to help the powerful system of trunk lines and deny that same help to smaller and weaker and poorer lines? That is the question presented by this amendment.

Mr. VARDAMAN. Will the Senator permit me to ask him a question?

Mr. HARDWICK. I yield.

Mr. VARDAMAN. The Senator has announced his determination to vote against this bill.

Mr. HARDWICK. Undoubtedly.

Mr. VARDAMAN. Without charging the Senator with an improper motive in this matter, for I know he is incapable of such a thing, it occurs to me, since he has announced his unalterable opposition to the bill, that he is trying to make it as unpalatable for the balance of us as possible by this amendment.

Mr. HARDWICK. The Senator knows better than that. That is not a fair suggestion. The Senator from Georgia, although opposed to this bill, is voting on these amendments according to the merits of each one of them.

Mr. VARDAMAN. The Senator understands that what I said was only in a spirit of jest. I am sure my friend, the able Senator, never had a sordid motive in the performance of his official duties.

Mr. HARDWICK. The Senator ought not to make suggestions of that sort, even in jest. I am voting upon these amendments squarely on their merits, and if the Senator from Mississippi is voting on the Utopian idea that he is really not helping pull the railroad chestnuts out of the fire, I think there is a day of awakening coming to him.

Mr. CUMMINS. Will the Senator from Georgia yield to me?

Mr. HARDWICK. I yield, if I have any time.

Mr. CUMMINS. It simply brings these roads within the operations of the bill.

Mr. HARDWICK. It treats them like the others.

Mr. CUMMINS. The President is empowered to make just what agreement he can make respecting the compensation which is to be paid for their use.

Mr. VARDAMAN. Mr. President—

Mr. HARDWICK. I yield.

Mr. VARDAMAN. To the suggestion of the Senator from Georgia that the purpose of the bill is to take care of the railroads, of course I can not agree.

Mr. HARDWICK. I understood the Senator to dissent from that, and I was wondering whether anyone else in the Senate dissented from it or not.

Mr. VARDAMAN. It is astonishing to me that the Senator should make a statement which, it seems to me—

The VICE PRESIDENT. The time of the Senator from Georgia is up.

Mr. VARDAMAN. Mr. President, is my time up?

The VICE PRESIDENT. You have not started yet. [Laughter.]

Mr. VARDAMAN. Then I will start. [Laughter.]

I realize that the taking over by the Government of the railroads will incidentally yield to them large profits, profits greater than they would enjoy if they remained the masters of themselves. But it certainly was not the primary purpose of taking the railroads over. My understanding, though it may be Utopian in the estimation of some—it is common honesty in my judgment—is that the railroads were taken over for the purpose of improving transportation facilities, to enable the President, as Commander in Chief of the Army, to move men, material, munitions of war, and otherwise improve the commerce of the country, for the purpose of carrying on to a successful issue this war. It is simply and purely a war measure. To my way of thinking it is a lamentable fact that railroads will profit largely by the assumption of control of them by the President. It is one of the hardships the people must bear in this emergency, I might add, however regretfully, with the permission of Congress. I have voted to limit these profits, and I shall continue to support any measure that may be introduced that will hold down the profits to the level of just compensation. I think to secure the railroads normal profits in these abnormal times, while other branches of trade and business people are making sacrifices, borders on to disloyalty to the great masses of the people who fight the battles of the Nation, and whose toil produces the food and material that clothes and feeds the world. I repeat, Mr. President, that it can not be the primary purpose of this measure to benefit the railroads. To use a public function such as this bill creates to promote the interest of a private corporation would be disloyalty to this Government.

Mr. HARDWICK. Will the Senator yield?

Mr. VARDAMAN. I yield.

Mr. HARDWICK. Of course the Senator states his own purpose, but—

I think there are a great many other purposes the Senator is not acquainted with that may be moving.

Mr. VARDAMAN. That may be very true.

Mr. HARDWICK. I think the Senator himself can not deny, whatever the purpose, that that is one of the primary objects of the bill anyhow.

Mr. CUMMINS. Will the Senator yield?

Mr. HARDWICK. I yield.

Mr. CUMMINS. I agree with the statement as to the object of the bill, but does not the Senator know it is just as necessary to mobilize the life and strength of the food producers of the country as the ammunition makers? Does not the Senator know it is just as necessary to maintain these roads in their full operation in order that we may produce as much as possible as it is to make guns or to make powder?

Mr. VARDAMAN. That may be true, Mr. President, but we must indulge in the presumption that the President, the Commander in Chief of the Army, has thoroughly canvassed all of these questions and reached the conclusion, after consultation with those in authority about him, that the short-line railroads should not be taken over. We must depend upon the President's judgment in this emergency as well as leave many matters to his discretion. I am not of those who believe him inerrant, but I think he is a man of extraordinary learning, great determination, and as he is the constitutional head of the Army we must leave some things to him to do which we can not do as the Congress. I am in no way antagonistic to the interests of short lines of railroads and I regret the straits in which conditions place them. If they are needed in conducting this war, they ought to be taken over, and doubtless will be. But up to this time the President has not done so. He evidently deems it unnecessary. But aside from all that, Mr. President, I want to say that if the purpose of this amendment is to take care of the financial interests of short lines of railroads rather than to serve the public, of course I can not subscribe to such a theory. It seems to me indefensible.

Mr. POMERENE. Mr. President, of course I think the Senate understands that if this amendment is adopted it will compel the taking over of all short-line roads. It speaks of roads competing for traffic. I would have liked the amendment very much better if it read the President is hereby compelled to take over all short lines. As this is phrased, it will be very difficult to find a short line anywhere that does not compete to some extent with some other line, and therefore it could be taken over, and would have to be taken over, under the proposed amendment.

Senators have attempted to distinguish here between great systems and small lines. It is a favorite method of argument



sometimes with some people to try to distinguish between the great and the small for the purpose of casting reflection upon a bill that may be up for consideration before the Senate. Under the bill as it is framed the great systems and the small lines are treated alike. There is no distinction. The proposed amendment makes favorites of the small or short lines, and requires them to be taken over, but it does not require the taking over of the larger lines.

I recognize the part that the small lines play in our civilization, and I want to see them cared for when they are deserving. But let me illustrate what this amendment means. A distinguished lawyer from the State of Georgia came before the committee, who was insisting that all these lines should be taken over. I put the question to him if a road had an interest-accruing account of \$500,000 annually, and it was earning only \$250,000 to apply on interest account, would you want the Government to take over that road and pay the whole amount of the interest? Why, certainly, he said, because if the Government did not do that the road would go into the hands of a receiver.

I want Senators to bear in mind, when they are voting upon this question, that it means upon the Government is placed the burden of taking over every bankrupt road in the country.

Mr. CUMMINS. Mr. President—

Mr. POMERENE. It means that every company that has two streaks of rust and bales of bonds outstanding must be taken over. The committee bill leaves it to the discretion of the President to say what lines shall be taken over, and I am willing to trust the welfare of the deserving small roads to the President, as well as the welfare of the great ones. I yield to the Senator from Iowa.

Mr. CUMMINS. I ask the Senator this question. We are also leaving to the President the authority to agree upon compensation. He need not agree with these roads for a compensation too great, and if they are two streaks of rust and serve no useful purpose their compensation would then be very nominal.

Mr. POMERENE. Mr. President, the Senator has very intense feelings upon this subject. I have not designated all these short roads, as the Senator would indicate by his statement. I have distinguished between the deserving and the undeserving. It is for that reason that I shall vote against this amendment, at the same time believing and hoping that the most of these short lines will be taken care of by the Government. But I do not propose by my vote to tell the President to take over some roads that have been promoted by some people who know more about getting money from the public than they do about operating railroads.

Mr. SMOOT. Mr. President, I certainly would not stand before the Senate and ask the Government of the United States to protect any railroad that was not more than paying expenses to-day. The reason why I am in favor of this amendment is because the short-line railroads of the United States are on a paying basis to-day. The short-line railroads of the United States are the ones that are reaching out into all parts of the country, and are the means of developing new homes and building up new towns and cities. The short-line railroads of to-day are financed largely by local money, and if not interfered with will have no trouble in the future. The Government now steps in and monopolizes the money market. Its requirement closes the money market to borrowers and prevents the short-line railroad from securing additional money for extensions—which I have no objection to at all, for in a time of war I believe that ought to be done, and if the financial bill that was reported yesterday is passed it will be done—but prevents the refunding of the roads' standing bond obligations.

I know of one short-line railroad whose bonds will fall due on the 1st day of April of this year. Most of those bonds are held by local people, and the holders of the bonds have notified the railroad people that they do not know whether they dare carry the bonds longer. The bonds are falling due. The roads will have to refund them or fail. The present holders do not know whether they dare invest their money in such bonds again, for the reason that there is power in the hands of one man in the United States to say that there shall not be one pound of freight carried over the road that enters into interstate commerce. This could be done; and the man who has invested his money in the bonds to build the road and who has seen the road grow and actually become a financial success, under the power that is granted in this bill will not know whether the limit of that power will be exercised or not.

I do not expect Secretary McAdoo, the Director of Railroads, to issue an order of that kind against any road in the United States; I know he has no such motive in view; but we do not know what circumstances are going to arise, nor does the holder

of the bonds know what is going to happen, so he more than likely will refuse to buy the bonds.

Therefore, Mr. President, it does seem to me that if we are going to protect railroads at all we ought to protect the ones that need it for their existence as much or more than the great systems of roads in the United States. The short-line roads have been feeders for the larger roads. They haul freight in many cases direct from the farm and delivered it in carloads or less than carloads to the main trunk line.

I want to say, Mr. President, if conditions are to remain just as they are to-day, and these short-line railroads are not recognized, when the bonds fall due they can not refund them under the conditions of the money market, and they will be in the hands of a receiver; and what will be the result? When in the hands of a receiver and a forced sale is the result, we will find the short lines controlled by the larger railroads of the country.

The VICE PRESIDENT. The Senator's time has expired.

Mr. RANDELL. Mr. President, I have no objection to the amendment as I understand it, but I should like to ask the author of it a question. I wish to know whether or not this amendment, if adopted, would require the Director General to take over the New Orleans Belt Line Railroad? That is a road which serves every railroad entering the city of New Orleans. It has about 70 miles, with main trunk and sidings, and I do not understand that it operates with any other road, but it is a public utility for the use of the roads entering the city. I simply wish to know whether the Government would be compelled under the terms of this agreement to take it over and handle it as it is now handling other roads in the country?

Mr. CUMMINS. The utility referred to by the Senator from Louisiana [Mr. RANDELL] very clearly would not come within the amendment which I have proposed any more than a terminal company would come within the amendment. The word "competitive" was used for a purpose, and if the public-utility company did not compete for traffic with other trunk lines that were taken possession of by the President, it would not be within the operation of the amendment.

Mr. RANDELL. Mr. President, that is the way I understood it, and I am glad to have that explanation from the Senator, because I should very much dislike to have that big public utility there taken over. It is doing for that community exactly what the Director General is trying to do for the railroads of the United States. It is unifying all the roads so that when we get their service they all serve on terms of absolute equality.

Mr. KIRBY. Mr. President, it seems to me that this amendment should not be favorably considered. If the purpose in taking over the railroads was to benefit the Government, and not for the benefit of the railroads, we ought to limit the right to take them over to such roads as are necessary to serve the purposes of the Government—to transport the soldiers, the munitions, the equipment, and the supplies of the Government which are necessary to be transported. That is all the service we ought to be required to pay for in taking over these roads in the first instance, it seems to me.

We have agreed upon this method of compensation for the roads taken over and now, since it is necessary only to use certain trunk lines and certain short lines together, in order to carry out the Government purpose, that is as far as we ought to go. It seems to me that we ought to stand by and help to protect the Government here, rather than to go further, and spread out, to protect the railroads at the expense of the Government. If it were a question of owning the railroads, of the Government taking over and operating the railroads to subserve the public convenience and to protect the public against extortionate charges and rates, it might be well to consider this other matter proposed by the amendment; but it seems to me that it ought not to be done now. Let the President take over only such roads as are necessary for this war purpose; and let us pay whatever ought to be paid for that service, and no more. It is time we came to the rescue of the Government, it seems to me; and I do not think this amendment ought to be adopted.

Mr. KELLOGG. Mr. President, I realize that something can be said on both sides of this question. I merely wish to state my position upon it. I am not willing to vote to compel the President to take over practically every line of road in the country. I believe that nearly every road in the country will come under the description of "competitive roads" and will be taken over, and that the Director General or the President will have to make an agreement with each one or they will be remitted to court to sue the Government for reasonable compensation. While some injury may be done to some lines of road, I am not yet ready to vote to give every one of them a right to go into court to sue the Government for compensation.

Mr. McKELLAR. Mr. President, I very much hope that this amendment will be adopted on two grounds: First, on the ground that these independent short-line roads are important to the Government. Many of these railroads are very necessary to the Government. For instance, a great many of them are coal roads, running for a short distance into coal territory, and surely nothing is more important to the Government than is a bountiful supply of coal, as we all know. We ought not to take any position about this matter which does not provide that short-line roads running into coal territory, for instance, shall be utilized by the Government. Our recent experience about coal indicates that it is absolutely necessary for the Government to have every coal-using railroad in the country, whether it is a long-line or a short-line road, whether it is a great trunk line or an independent short line.

In the next place, this amendment ought to be agreed to because it is absolutely fair. As reasonable men, as men of business, we all know that unless some arrangement is made to finance these short-line roads, after this bill has passed they can not meet their obligations or maintain their credit, and they will go into the hands of receivers. I think that would be bad for the whole country. I think it would not only be bad for the roads themselves—unjust and unfair to these short-line roads—but it would be unfair to the public and to the Government. It ought not to be countenanced. I believe that this amendment ought to be adopted, and I am going to vote for it.

Mr. KELLOGG. Mr. President—

Mr. McKELLAR. I yield to the Senator from Minnesota.

Mr. KELLOGG. I should like to ask the Senator from Tennessee if it is not a fact that under the finance bill, which is to be reported to the Senate I understand very soon, the Government may aid the financing of any institution in this country when it is necessary to do so?

Mr. McKELLAR. Oh, of course, under some other bill we might provide for that; we might provide for a great many things in the future. But what we are doing now is providing for the passage of a fair and just and effective railroad bill. The amendment is pertinent to this very bill, and the question ought to be decided at the same time that we decide the questions arising about the other great lines of railroad. We ought to take care of the Government in using short-line competitive railroads necessary to the Government, just as we do in using the great railroad systems of the country. It may be too late to save these short lines from bankruptcy if we delay. They may all be put in the hands of receivers and then gobbled up by the great Government-favored systems if we do not provide for them now. We should be as fair to the small ones as we are to the great ones. I sincerely hope that the amendment will be adopted now and that it will not be put off until some future time.

Mr. SIMMONS. Mr. President, as has been said by one Senator, practically all of these short-line roads have been paying properties. The fact that they have been paying properties has grown out of two circumstances: One, under the competitive system under which they were built, the right of every shipper to route his freight; secondly, the traffic arrangements between these short lines and the through lines which they serve and with which they connect.

If we take away from them the routing privilege and take away from them the traffic arrangements which they have made—and they would never have been built unless they could have made such arrangements—then we shall leave those roads absolutely helpless. It is not a matter of speculation or theory; it is a matter of absolute certainty that everyone of them must cease to be a profit-earning property.

Talk about their ability to borrow money under those conditions. Why, Mr. President, neither under the Federal reserve act nor under the war finance corporation bill—which has been reported, and not to be reported, as the Senator from Minnesota [Mr. KELLOGG] said—under neither one of those bills could these roads borrow a dollar, because the depreciation of their securities would be so great that it would be impossible for them to give the requisite security to meet their maturities on the advances they would under these conditions have to borrow, if they are to remain and continue as going concerns.

What will be the result of those conditions? Inevitably those roads, which are worth to-day over \$1,000,000,000, will go into the hands of receivers and become utterly worthless properties.

Mr. President, of course, the purpose of this is to help the Government in the prosecution of the war; but in all of our legislation with the same end in view we have not been unmindful of the private interests which would be affected by the legislation. When we fixed the price of wheat we were not unmindful of the interests of the wheat growers of the country; and when we come to pass this legislation we ought not to be un-

mindful of the interest of the owners of these short lines. It is not alone the interest of the stockholders in these roads and the holders of securities in these roads that will be disastrously affected by their exclusion from the provisions of this bill. The people of many communities—agricultural communities, towns, and cities—will also be disastrously affected. Most of these roads were, in the first instance, built through a sparsely settled section of country; they develop these communities.

Along these roads thriving and prosperous towns and cities spring into being, agriculture has been stimulated and developed.

There are short roads in my State, upon the line of which prosperous towns of three, four, and five thousand people have in recent years sprung up, dependent upon them for transportation facilities. Destroy such roads and you destroy the means of transportation facilities of those people; you destroy these towns and cities, and you handicap and weaken the agriculture of the entire section they traverse.

Mr. President, I do not believe that the taking over of these roads will impose any serious burden, if any burden whatsoever, upon the Government. In the first place, if the Government shall take over these short roads and if it will let them continue the present privilege of routing their freight and will continue the traffic arrangements they now have with the through lines taken over by it with which they connect, they will continue upon a profit-earning basis in the future as in the past. The Government need not lose a cent, and the communities through which they now go will continue to enjoy the same benefits of transportation that they now have, and these great property interests will be protected and preserved.

Mr. KELLOGG. Mr. President, will the Senator from North Carolina yield to me?

Mr. SIMMONS. Yes.

Mr. KELLOGG. I should like to remind the Senator that he cut down the price of wheat instead of raising it.

Mr. SIMMONS. Yes; but we fixed a price for wheat that makes it profitable for every man in this country to raise wheat.

Mr. McCUMBER. Not by any means.

Mr. SIMMONS. The price is twice as much as before the war in Europe.

Mr. CURTIS. Mr. President, I want to suggest to the Senator from North Carolina that the farmers were getting more for their wheat at the very time the President fixed the price than they have since received.

Mr. SIMMONS. But that was the result of the war. They never got such a price for wheat before the war. We fixed the price at \$2.20 a bushel, and before the war I do not remember in all my life to have heard of wheat selling for \$2.20.

Mr. WILLIAMS. Mr. President, I think all this talk about the price of products at this time is somewhat irrelevant. Cotton is selling at 30 cents a pound, which is about three times its normal price. Wheat is selling at \$2.20, which is about 120 per cent beyond its normal price. I do not see that we have anything to do with that. The demand and supply of the market have controlled the price of both products, just as they have controlled the price of barley and flax and wool and hundreds of other commodities. By the way, every attempt of the United States Government to interfere with prices in the markets is futile. Whenever you fix a price by governmental regulation you do one of two things: You either fix that as a minimum price while you are fixing it as a maximum and you enable the producer to speculate upon the consumer, or, upon the other hand, your action is ineffectual, and if it is ineffectual you leave it to the ordinary speculative market to control the price.

The world has been full ever since the beginning of time of examples of governmental attempts to regulate prices. No governmental attempt to regulate prices has ever been successful; no governmental attempt of that sort ever will be successful. When you say to a man, "You have a right to charge \$2.20 for a bushel of wheat," that gives him a right to speculate up to the extent of \$2.20, and if he can find in the market somebody interested in reducing the price of wheat it will be reduced; and that is the end of that proposition. If you were to attempt to fix the price of cotton, for example, at 30 cents, its present price—an exorbitant price for all of us, as we recognize—you could not do that. The price might be fixed, but it would be fixed independently of you and independently of any legislative commandment of the United States Government. It is fixed inexorably by supply and demand.

There are about a million and a quarter bales of cotton going up every year in explosives. What is left is nothing. In the old times when a million and a quarter bales of cotton were used there was something left in the shape of old clothes; you could send them somewhere and have them converted into rags, if you could not do anything more; but there was something left.



There is nothing left of this million and a quarter bales. All the linters are going up, and about half a million bales of cotton besides the linters are going up every year.

Mr. President, all this attempt on the part of the Government, here or elsewhere, to control prices hits itself upon the rocks of psychology. You can tell a man what he can sell a thing at but you can not tell the man to sell it; and if he does not want to sell it, he will not sell it. You can tell a man what to buy a thing at but you can not make him buy it.

I have stood here and I have voted for bill after bill providing for the fixing by the Government of all sorts of prices, and I did so because I did not want anybody to suspect that, even remotely, with my boys and sons-in-law and my nephews in the Army, I could object to anything that the administration wanted to carry on the war.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. WILLIAMS. Mr. President, I am very sorry; I have just begun. [Laughter.]

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Iowa [Mr. CUMMINS].

Mr. CUMMINS. On the amendment I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. KNOX (when his name was called). Repeating the announcement as to my pair and its transfer, I vote "yea."

Mr. SHERMAN (when his name was called). I am paired with the senior Senator from Kansas [Mr. THOMPSON]. I transfer that pair to the senior Senator from New York [Mr. WADSWORTH] and vote "yea."

Mr. WILLIAMS (when his name was called). I have a pair with the senior Senator from Pennsylvania [Mr. PENROSE]. I am not certain how he would vote if present, although his colleague [Mr. KNOX] has voted "yea" and perhaps he might vote "yea." I therefore withhold my vote. If I were at liberty to vote, I should vote "nay."

The roll call was concluded.

Mr. TILLMAN. I transfer my pair with the senior Senator from West Virginia [Mr. GOFF] to the Senator from Louisiana [Mr. BROUSSARD] and vote "yea."

Mr. FLETCHER. I make the same announcement as to my pair and its transfer as heretofore, and vote "yea."

Mr. BECKHAM (after having voted in the affirmative). I inquire if the Senator from West Virginia [Mr. SUTHERLAND] has voted?

The VICE PRESIDENT. He has not.

Mr. BECKHAM. Then I transfer my pair with that Senator to the senior Senator from Texas [Mr. CULBERSON] and will allow my vote to stand.

Mr. GRONNA. I desire to announce that the Senator from Wisconsin [Mr. LA FOLLETTE] is absent due to illness in his family.

Mr. FRELINGHUYSEN. Making the same announcement as to my pair and its transfer as on previous votes, I vote "yea."

The result was announced—yeas 58, nays 14, as follows:

## YEAS—58.

Ashurst	Hitchcock	Nelson	Smith, Ariz.
Beckham	Hollis	New	Smith, Ga.
Cummins	Johnson, Cal.	Norris	Smith, Mich.
Curtis	Johnson, S. Dak.	Nugent	Smith, S. C.
Dillingham	Jones, N. Mex.	Overman	Smoot
Fernald	Jones, Wash.	Page	Sterling
Fletcher	Kenyon	Phelan	Stone
France	Knox	Pittman	Swanson
Frelinghuysen	Lewis	Ransdell	Thomas
Gore	Lodge	Reed	Tillman
Gronna	McCumber	Robinson	Trammell
Hale	McKellar	Sheppard	Warren
Harding	McNary	Sherman	Wolcott
Hardwick	Martin	Shields	
Henderson	Myers	Simmons	

## NAYS—14.

Bankhead	King	Saulsbury	Vardaman
Gerry	Kirby	Shafroth	Watson
Kellogg	Polindexter	Townsend	
Kendrick	Pomerene	Underwood	

## NOT VOTING—22.

Borah	Culbertson	McLean	Wadsworth
Brandeggee	Fall	Owen	Walsh
Broussard	Gallinger	Penrose	Weeks
Calder	Goff	Smith, Md.	Williams
Chamberlain	James	Sutherland	
Colt	La Follette	Thompson	

So Mr. CUMMINS's amendment was agreed to.

Mr. LODGE. I move, on line 3, page 14, to strike out the word "eighteen" and insert "six." I have no desire to discuss the amendment. I think the Senate understands it perfectly well, but I should like to have the yeas and nays on it.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 14, section 13, line 3, before the word "months," it is proposed to strike out "eighteen" and to insert "six," so as to read:

SEC. 13 That the Federal control of railroads and transportation systems herein and heretofore provided for shall not continue longer than six months after the proclamation of peace terminating the war in which the United States is now engaged.

Mr. LODGE. On that amendment I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. THOMAS. Mr. President, I ask to have the amendment again stated. I am not sure that I caught its full purport.

The VICE PRESIDENT. The Secretary will again state the amendment.

The Secretary again stated the amendment of Mr. LODGE.

The VICE PRESIDENT. The question is on the amendment of the Senator from Massachusetts, on which the yeas and nays have been ordered.

Mr. ROBINSON. Mr. President, I express the hope that the amendment offered by the Senator from Massachusetts will not be agreed to. This feature of the bill was the subject matter of prolonged discussion on yesterday, and it is not my purpose to repeat in detail the arguments that I then attempted to make justifying the limitation of 18 months placed in the bill by the committee. I do, however, want to state that this feature of the bill was the occasion of very sharp differences in the committee, resulting in a compromise and the placing of a limitation of 18 months. It is the opinion of the Director General and of others connected with the administration that a shorter period than 18 months will certainly not be adequate to afford an opportunity for the adjustments which will be necessary between the railroads and the Government. Indeed, it is gravely doubtful whether 18 months will be long enough. I repeat the hope that the limitation of six months will not be placed in the bill.

The VICE PRESIDENT. The yeas and nays having been ordered on the amendment of the Senator from Massachusetts, the Secretary will call the roll.

The Secretary proceeded to call the roll.

Mr. SHERMAN (when his name was called). I have a pair, as heretofore announced. I transfer that pair to the senior Senator from New York [Mr. WADSWORTH] and vote "yea."

Mr. TILLMAN (when his name was called). I transfer my pair with the senior Senator from West Virginia [Mr. GOFF] to the junior Senator from Louisiana [Mr. BROUSSARD] and vote "nay."

The roll call was concluded.

Mr. FRELINGHUYSEN. Making the same announcement as before, I vote "yea."

Mr. RANDELL. I wish to announce the absence of my colleague [Mr. BROUSSARD] on account of illness. I ask that this announcement may stand for the day.

Mr. GRONNA. I desire to announce that the Senator from Wisconsin [Mr. LA FOLLETTE] is detained from the Senate on account of illness in his family.

Mr. WILLIAMS. I have a standing pair with the senior Senator from Pennsylvania [Mr. PENROSE]. I transfer that pair to the senior Senator from Texas [Mr. CULBERSON] and vote "nay."

The result was announced—yeas 28, nays 47, as follows:

## YEAS—28.

Curtis	Hale	Kirby	Sherman
Dillingham	Harding	Lodge	Smith, Ga.
Fernald	Hardwick	McCumber	Smith, Mich.
France	Hitchcock	McNary	Smoot
Frelinghuysen	Jones, Wash.	Nelson	Sutherland
Gallinger	Kenyon	New	Townsend
Gronna	King	Page	Warren

## NAYS—47.

Ashurst	Kellogg	Phelan	Smith, Ariz.
Bankhead	Kendrick	Pittman	Smith, Md.
Beckham	Knox	Polindexter	Smith, S. C.
Cummins	Lewis	Pomerene	Swanson
Fletcher	McKellar	Ransdell	Thomas
Gerry	McLean	Reed	Tillman
Gore	Martin	Robinson	Trammell
Henderson	Myers	Saulsbury	Underwood
Hollis	Norris	Shafroth	Watson
Johnson, Cal.	Nugent	Sheppard	Williams
Johnson, S. Dak.	Overman	Shields	Wolcott
Jones, N. Mex.	Owen	Simmons	

## NOT VOTING—19.

Borah	Colt	La Follette	Vardaman
Brandeggee	Culbertson	Penrose	Wadsworth
Broussard	Fall	Sterling	Walsh
Calder	Goff	Stone	Weeks
Chamberlain	James	Thompson	

So Mr. LODGE's amendment was rejected.

Mr. KING. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. It is proposed to strike out the word "eighteen" and to insert in lieu thereof the word "twelve," so that, if amended, it will read:

Twelve months after the proclamation of peace.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah.

Mr. KING. Upon that I demand the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. SHERMAN (when his name was called). I am paired, as heretofore announced. I transfer that pair to the senior Senator from New York [Mr. WADSWORTH] and vote "yea."

Mr. LODGE (when Mr. WEEKS's name was called). My colleague [Mr. WEEKS] is absent, for the reason I have already stated. He has a general pair with the senior Senator from Kentucky [Mr. JAMES]. If my colleague were present, he would have voted "yea" on the amendment I offered, and would vote "yea" on this amendment.

Mr. WILLIAMS (when his name was called). I have a standing pair with the senior Senator from Pennsylvania [Mr. PENROSE]. I transfer that pair to the senior Senator from Texas [Mr. CULBERSON], and vote "nay."

The result was announced—yeas 29, nays 45, as follows:

#### YEAS—29.

Curtis	Harding	McCumber	Smoot
Dillingham	Hardwick	McNary	Sutherland
Fernald	Hitchcock	Nelson	Thomas
France	Jones, Wash.	New	Townsend
Frelinghuysen	Kenyon	Page	Warren
Gallinger	King	Sherman	
Gronna	Kirby	Smith, Ga.	
Hale	Lodge	Smith, Mich.	

#### NAYS—45.

Ashurst	Kellogg	Phelan	Smith, Ariz.
Bankhead	Kendrick	Pittman	Smith, Md.
Beckham	Knox	Poinexter	Smith, S. C.
Cummins	Lewis	Pomerene	Stone
Fletcher	McKellar	Ransdell	Swanson
Gerry	McLean	Reed	Underwood
Gore	Martin	Robinson	Watson
Henderson	Myers	Saulsbury	Williams
Hollis	Norris	Shafroth	Wolcott
Johnson, Cal.	Nugent	Sheppard	
Johnson, S. Dak.	Overman	Shields	
Jones, N. Mex.	Owen	Simmons	

#### NOT VOTING—20.

Borah	Colt	La Follette	Trammell
Brandgee	Culberson	Penrose	Vardaman
Broussard	Fall	Sterling	Wadsworth
Calder	Goff	Thompson	Walsh
Chamberlain	James	Tilman	Weeks

So Mr. KING's amendment was rejected.

Mr. SAULSBURY. Mr. President, I send to the desk an amendment of which I move the adoption.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 5, line 15, after the word "made" and before the word "the," it is proposed to insert the words "or pending the execution of an agreement," so that if amended it will read:

That if no such agreement is made, or pending the execution of an agreement.

Also, at the end of line 19, on page 5, it is proposed to insert the words "in cases where no agreement is made," so that if amended it will read:

That if no such agreement is made, or pending the execution of an agreement, the President may nevertheless pay to any carrier while under Federal control an annual amount, payable in reasonable installments, not exceeding 90 per cent of the estimated annual amount of just compensation, remitting such carrier, in cases where no agreement is made, to its legal rights for any balance claimed to the remedies provided in section 3 thereof.

Mr. SMITH of South Carolina. Mr. President, that is simply in line with the intention of the paragraph, and I see no objection to it.

Mr. THOMAS. Mr. President, I move—

The VICE PRESIDENT. The amendment of the Senator from Delaware has not been disposed of yet.

Mr. THOMAS. I understood the Senator in charge of the bill to accept it.

The VICE PRESIDENT. We must get that out of our heads at some time. The Senator in charge of the bill does not adopt amendments. The question is on the amendment offered by the Senator from Delaware.

The amendment was agreed to.

Mr. THOMAS. Now, Mr. President, on page 2, line 18, after the word "extensions," I move to insert the words "and the value of such retirements," which I hope will be acceptable to the Senator having charge of the bill, whether that disposes of it or not.

Now, Mr. President, just a word.

Mr. ROBINSON. Mr. President, will the Senator yield to just a brief statement? That provision, I think, has gone out of the bill on an amendment which I presented a day or two ago.

Mr. THOMAS. May I ask what has been substituted for it?

Mr. ROBINSON. Mr. President, a provision was agreed to, striking out that part of the compensation based upon sums invested in the property during the six-months period ended December 31, 1917. A further amendment is required to effectuate the first amendment, as follows: Strike out all after the word "return," in line 17, page 2, down to and including the word "are," in line 18, and insert the word "is."

Mr. THOMAS. Mr. President, I do not think that affects the amendment which I have offered. The standard return and the cost of such additions, betterments, or road extensions are to be ascertained by the Interstate Commerce Commission.

Mr. ROBINSON. Mr. President, the standard return is all that is left in the bill as the basis of compensation.

Mr. THOMAS. The bill makes no provision, as far as I am able to ascertain, for a means of determining the cost or value of retirements, and it is a very important subject. If there is such a provision in the bill, I should desire—

Mr. ROBINSON. That provision has gone out, and it was my oversight in not offering a further amendment to take that language out of the provision requiring the Interstate Commerce Commission to make the finding as to betterments, improvements, and retirements.

Mr. THOMAS. Does the bill contain any provision for ascertaining the value of retirements?

Mr. ROBINSON. It does not. There is no provision in the bill basing compensation on retirements now, and therefore there is no necessity for ascertaining that.

Mr. THOMAS. Accepting that statement, Mr. President, I, of course, do not insist upon the amendment.

Mr. ROBINSON. With the permission of the Senator from Colorado, I will state that I will offer the amendment which his suggestion has called to my attention as being necessary, and which I stated a moment ago.

Mr. THOMAS. Very well. I am satisfied with that statement.

Now, Mr. President, on page 3, I move to strike out all after the word "taxes," on line 7, down to and including the word "taxes," on line 9, and to insert in lieu thereof the words "heretofore or hereafter provided by law"; also to strike out the words "Federal or," on line 14, so that, if amended, the clause will read:

Every such agreement shall provide that any Federal taxes heretofore or hereafter provided by law—

And other taxes shall be paid in the manner which is set forth—

That other taxes assessed under any other governmental authority—

And so forth.

Mr. SMITH of South Carolina. Mr. President, on what page is this?

Mr. THOMAS. This is on page 3.

The bill as it now stands, Mr. President, provides that any Federal taxes under the act of October 3, 1917, commonly called war taxes, or any amendment thereto, shall be paid by the carrier out of its own funds or shall be charged against or deducted from the standard return, and that other taxes assessed under Federal authority shall be paid out of the revenues derived from railway, operations, and so forth. Now, we are all familiar with the fact that the act of 1916, increasing the normal income tax, applies to railways as well as other concerns, and that act has not been repealed by the act of 1917. Other taxes, notably a corporation stock tax, are provided in that act or the one preceding it, which must be paid by the corporation. As this bill stands, the only tax which the railroads are to pay under it is the war tax imposed under the act of 1917; and the Government will pay all the other taxes that may be and will be assessed against the roads under other laws. Now, that is wrong, and I do not think was intended by the committee. Nevertheless, that will be the construction placed upon this bill if my amendment is not accepted.

Mr. SMITH of South Carolina. Mr. President, the method of ascertaining the compensation was to deduct all the taxes, add in all the taxes as part of the expense, and they therefore would be deducted to ascertain the net operating income which we will allow.

Mr. THOMAS. But the section does not so state. If the Senator will permit me, it is expressly provided that the corporation itself shall, out of its income, pay the war tax under



the act of October, 1917, and that all other Federal taxes shall be paid out of the revenues derived from railway operation.

Mr. SMITH of South Carolina. That is true.

Mr. THOMAS. Which means that if the bill stands as it is the Government will pay to itself the normal income tax of the corporation under the act of 1916 and the corporation-stock tax. My amendment is necessary if that is to be prevented, and, of course, these companies should pay, out of the enormous compensation we are to give them, all of the Federal taxes, no matter what their character, that may be assessed against them.

Mr. SMITH of South Carolina. Mr. President, if the Senator will allow me, I do not care to take this out of his time—

Mr. THOMAS. Unfortunately, that is the ruling of the Chair. If it were not for that I would willingly yield.

Mr. SMITH of South Carolina. When the Senator is through, then, I will make an explanation of the matter.

Mr. THOMAS. But the very fact that a different method of payment is provided for the two sets of taxes necessarily indicates that one comes out of the net profits of the railroads and the other comes out of the Government before the net profit is paid over. It was not intended by the committee, evidently, because the proposition is plainly unjust, but that is the necessary construction of the section to my mind. Let these corporations which we are to so handsomely reward pay all the taxes properly assessable against them.

Mr. SMITH of South Carolina. Mr. President, the object that the committee had in view, and which I presume the expert lawyers on the committee have worked out, was this: That the tax mentioned here, particularly under the act of October 3, 1917, which is the excess-profits tax, should not be paid as a part of the regular taxes, but should be paid out of whatever returns we give the roads after deducting all the other ordinary taxes. We were going to leave the stockholders and the bondholders to pay that tax. In other words, up to the time that we make the compensation we deduct all the ordinary taxes provided for by law, except the tax that we impose under the act of October 3, 1917. That must continue, and, with whatever other war taxes may be placed upon this property, shall be paid by those who get the standard return, but before ever you pay the standard return you have deducted the ordinary taxes up until now.

Mr. THOMAS. Precisely.

Mr. SMITH of South Carolina. And will continue to deduct them.

Mr. THOMAS. Precisely.

Mr. SMITH of South Carolina. And when you have deducted them, then you require the beneficiaries of this amount to pay out of whatever we give them as standard compensation whatever other war taxes may come.

Mr. THOMAS. Mr. President, I think my construction of this law is exactly right. The Government is going to pay its own taxes to itself, except the war tax of 1917.

Mr. SMITH of South Carolina. Mr. President, I may miss the Senator's meaning. Before ever we allow them to have any standard compensation, we take out the tax.

Mr. THOMAS. Then why do you not take it all out—the taxes under the act of 1917 as well as the others?

Mr. SMITH of South Carolina. The committee was of opinion that this excess-profits tax should be taken and put upon those who receive the dividends and who hold the bonds.

Mr. THOMAS. If the Senator will permit a question, why should not those who receive the dividends and own the bonds pay the income tax assessed under the act of 1916?

Mr. SMITH of South Carolina. They do it, indirectly.

Mr. THOMAS. I am unable to perceive how.

Mr. SMITH of South Carolina. The whole object of the committee was that this excess-profits tax should rest upon those who get the standard return, but that all of the normal standard tax should be deducted before ever we allow them the compensation. That was my understanding of this proposition.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Colorado.

Mr. THOMAS. I call for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. SHERMAN (when his name was called). I am paired, as heretofore announced. I transfer that pair to the senior Senator from New York [Mr. WADSWORTH] and vote "nay."

The roll call was concluded.

Mr. GRONNA. I wish to state that the Senator from Wisconsin [Mr. LA FOLLETTE] is absent, due to illness in his family.

Mr. McLEAN. I desire to announce the unavoidable absence of my colleague [Mr. BRANDEGEE]. If he were present, he would vote "nay."

The result was announced—yeas 20, nays 50, as follows:

## YEAS—20.

Cummins	Hollis	Kenyon	Sutherland
Curtis	Johnson, Cal.	McCumber	Swanson
Gronna	Johnson, S. Dak.	Norris	Thomas
Hardwick	Jones, N. Mex.	Reed	Townsend
Hitchcock	Jones, Wash.	Shafer	Vardaman

## NAYS—50.

Ashurst	Kellogg	New	Shields
Bankhead	Kendrick	Nugent	Simmons
Beckham	King	Overman	Smith, Ariz.
Dillingham	Kirby	Page	Smith, Md.
Fernald	Knox	Phelan	Smith, Mich.
France	Lewis	Pittman	Smith, S. C.
Frelinghuysen	Lodge	Polinder	Smoot
Gallinger	McKellar	Pomeroy	Underwood
Gerry	McLean	Ransdell	Warren
Hale	McNary	Robinson	Watson
Harding	Martin	Saulsbury	Wolcott
Henderson	Myers	Sheppard	
	Nelson	Sherman	

## NOT VOTING—24.

Borah	Culberson	Owen	Tillman
Brandegge	Fall	Penrose	Trammell
Broussard	Fletcher	Smith, Ga.	Wadsworth
Calder	Goff	Sterling	Walsh
Chamberlain	James	Stone	Weeks
Colt	La Follette	Thompson	Williams

So Mr. THOMAS's amendment was rejected.

Mr. THOMAS. I wish to reserve the right to offer this amendment again when the bill comes into the Senate.

The VICE PRESIDENT. The Senator has that right.

Mr. ROBINSON. I offer now the amendment I referred to while the Senator from Colorado had the floor. On page 2, line 17, I move to strike out all language after the word "return," down to and including the word "are," and insert the word "is," so that it will read: "That standard return is to be ascertained by the Interstate Commerce Commission." As I stated while the Senator from Colorado had the floor, this amendment is necessary in order to effectuate an amendment that the Senate agreed to the other day.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 2, lines 17 and 18, strike out the words "and the cost of such additions, betterments, or road extensions are" and insert the word "is," so that the sentence will read:

The standard return is to be ascertained by the Interstate Commerce Commission from the reports, books, and other pertinent data of such carrier and certified by it to the President.

The VICE PRESIDENT. The question is on agreeing to the amendment submitted by the Senator from Arkansas.

The amendment was agreed to.

Mr. ROBINSON. I offer an amendment and call it especially to the attention of the chairman of the committee. I ask the Secretary to read it.

The VICE PRESIDENT. It will be read.

The SECRETARY. On page 7, at the end of line 7, insert the following words:

Proceedings in the Court of Claims under this section shall be given precedence and expedited in every practicable way.

Mr. SMITH of South Carolina. I hope that amendment will be adopted, because it is right along the line of expediting the work on which the bill is drawn.

The VICE PRESIDENT. The question is on the amendment submitted by the Senator from Arkansas.

The amendment was agreed to.

Mr. CUMMINS. Mr. President, I move that the words "during the period of Federal control," in lines 19 and 20, on page 7, be stricken out, and that, after the word "compensation," in line 17, on the same page, the words "or return" be inserted.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 7, line 17, after the word "compensation," insert the words "or return," and, on lines 19 and 20, strike out the words "during the period of Federal control," so that, if amended, the proviso will read:

Provided, That there shall be no increase of compensation or return for any additions, improvements, or betterments constructed out of or purchased by the earnings for investments or surplus.

Mr. CUMMINS. Mr. President, the purpose of this amendment is to prevent the claim that the railway companies are entitled to an additional return, whether in Federal control or after Federal control, upon values which have been created by the investment of surplus earned out of the transportation of persons or property. As everybody knows, it has been contended for a long time that when railroad companies earned more than enough to pay the expenses of maintenance and operation, more than enough to pay the interest on their bonds for fixed charges of all kinds and adequate dividends upon their capital, any surplus existing after those payments are made,

and which are invested in the property of the railway company, ought not to be made the basis for increased returns upon capital in the future.

This view was urged before the committee, and the committee adopted the view, to the extent of affirming the principles, by saying that we should pay no increased compensation for added values of this kind during the period of Federal control. My amendment simply projects that principle into the future, if the roads are ever returned to private ownership and management. If we are to adopt the important principle during Federal control the bill already does, how can it be urged that after the property is returned to the several railway companies they shall be permitted to earn a return upon values created during Federal control out of surplus earnings after the full compensation for the capital involved?

I appeal to the Senate, and especially to the members of the committee who are familiar with the whole controversy, not to be so inconsistent and illogical as to deny to these railroad companies additional returns upon these values while in Federal control after permitting additional returns or added compensation for the same value after the property passes back into private operation.

Mr. KELLOGG. Mr. President, I should like to explain to the Senate a little more what this amendment means. It would prohibit any railroad company having any surplus on hand over and above the dividends it had paid, not fair dividends. Those dividends might not be more than 1 or 2 per cent. The company might have a surplus on hand now which it desired to invest in betterments and improvements, and certainly no one can claim that surplus property taken out of dividends and which the company determined to put in its property instead of giving it out to stockholders should not be capital.

The committee attempted to simply provide a policy as to betterments and improvements made out of surplus over and above dividends during Federal control; that that surplus, whatever it amounted to over and above the dividends which they were allowed to pay under this bill, should not be used to increase the guaranteed income of the road during the Federal control.

We did not desire to go into the future, after Federal control, and to settle a policy for the railroad companies, rather leaving all questions to be settled by the Congress before the railroads should be turned back.

There is, of course, much to be said to the effect that where a railroad company has paid a reasonable dividend upon its value or its stock and bonds surplus over and above that amount invested in the property should not be capitalized or used as a basis for making rates. But surplus that the companies now have on hand, a surplus which should have earned less than a fair dividend, certainly should be capital to the stockholders.

Mr. CUMMINS. Will the Senator from Minnesota yield to me?

Mr. KELLOGG. I have but five minutes, and I can not yield.

Mr. CUMMINS. I simply want to advise the Senator that I exactly agree with him. I think there ought to be a provision for the allowance of reasonable dividends, and the Senator from Minnesota knows I intended that. I adopted the language in the bill rather than to offer an independent amendment of my own. I intend to amend it in that way.

Mr. KELLOGG. Mr. President, it does seem to me that we ought not to prevent the roads from using the surplus which they now have on hand or to project any policy into the future beyond the Government control. Those policies should be settled at that time.

Mr. REED. Will the Senator yield for a question?

Mr. KELLOGG. I can not. I have only five minutes, and I prefer the Senator to use his own time.

Mr. REED. I want to get light from the Senator. I can not get it myself.

Mr. KELLOGG. Mr. President, I believe that the amendment as it exists here goes too far, and certainly the amendment of the Senator from Iowa goes much too far. I believe that so far as it is possible we ought not to undertake in this bill to settle the policies of railroad control, railroad management and capitalization and what should be capitalized and what should not be capitalized.

Mr. REED. Mr. President, in my own time I will ask the Senator a question.

Mr. KELLOGG. I shall be very glad to answer it.

Mr. REED. The Senator speaks about the surplus the railroad may have on hand now that it may desire to invest. Of

course under the terms of the bill as it is drawn it would get no return upon those investments during the time of governmental control. That is correct, is it not?

Mr. KELLOGG. No; as the bill is now drawn any surplus on hand when the Government took over the road, if they invested it, would be the same as their capital, but under the bill as drawn any surplus made over and above dividends during the Government control can not be used to increase the income of the road during the time of that control.

Mr. REED. Does the Senator think that the latter income he has just spoken of is likely to be invested at all during Government control when there is an absolute prohibition against any income being paid on it?

Mr. KELLOGG. There is some question about that, and I am not sure of the wisdom of the clause that is in the bill now, but certainly it is not wise to go further than that.

Mr. REED. It seems to me, if the Senator's contention is correct, it is perfectly plain that a road will not be deterred from putting its income back into its property by the amendment offered by the Senator from Iowa, if it put it in the teeth of a provision which denied it any return during the period of the war or the period of control; that is, for the war, and as the bill now stands for 18 months thereafter. It occurs to me that the opposition has not very much ground to stand upon.

Mr. CUMMINS. Mr. President, I do not rise to speak on the amendment. I desire to modify the amendment by adding, after the word "surplus," the words "after allowance for reasonable dividends."

The VICE PRESIDENT. The amendment will be stated as modified.

The SECRETARY. On page 7, line 17, after the word "compensation," insert the words "or return," and, on lines 19 and 20, strike out the words "earned during the period of Federal control" and insert "after allowance for reasonable dividends," so that the proviso will read:

Provided, That there shall be no increase of compensation or return for any additions, improvements, or betterments constructed out of or purchased by the earnings for investment or surplus after allowance for reasonable dividends.

The VICE PRESIDENT. The question is on the amendment of the Senator from Iowa.

Mr. CUMMINS. I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. SHERMAN (when his name was called). I make a like announcement as to my pair and the transfer of it, as on the former vote, to the senior Senator from New York [Mr. WADSWORTH] and vote "nay."

The roll call was concluded.

Mr. SMITH of South Carolina. I have a general pair with the Senator from South Dakota [Mr. STERLING], who is absent; but I was permitted by him to cast my vote, as I have done, in his absence. He also stated that he would vote for the bill on its passage, whenever that may occur.

The result was announced—yeas 21, nays 49, as follows:

#### YEAS—21.

Cummins	Johnson, S. Dak.	McNary	Thomas
Curtis	Jones, Wash.	Norris	Trammell
Groza	Kenyon	Phelan	Vardaman
Hardwick	King	Reed	
Hollis	Kirby	Shafroth	
Johnson, Cal.	McCumber	Sutherland	

#### NAYS—49.

Ashurst	Henderson	Nugent	Smith, Md.
Bankhead	Hitchcock	Overman	Smith, Mich.
Beckham	Jones, N. Mex.	Page	Smith, S. C.
Culberson	Kellogg	Pittman	Snoot
Dillingham	Knox	Polindexter	Stone
Fernald	Lewis	Pomerene	Underwood
Fletcher	Lodge	Ransdell	Warren
France	McKellar	Robinson	Watson
Frelinghuysen	McLean	Sheppard	Williams
Gallinger	Martin	Sherman	Wolcott
Gerry	Myers	Shields	
Hale	Nelson	Simmons	
Harding	New	Smith, Ga.	

#### NOT VOTING—24.

Borah	Fall	Owen	Thompson
Brandagee	Goff	Penrose	Tillman
Broussard	Gore	Saulsbury	Townsend
Calder	James	Smith, Ariz.	Wadsworth
Chamberlain	Kendrick	Sterling	Walsh
Colt	La Follette	Swanson	Weeks

So the amendment of Mr. CUMMINS was rejected.

Mr. CUMMINS. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment proposed by the Senator from Iowa will be stated.



The SECRETARY. It is proposed to strike out the second paragraph of section 10, which begins on page 11, line 13, down to and including line 2, on page 12, as amended, and to insert:

*Provided*, That with respect to rates, charges, and fares for the transportation of persons and property (except troops and Government property) the act to regulate commerce approved February 4, 1887, and all amendments thereto shall remain in full force and effect, and the Interstate Commerce Commission shall continue to exercise all the powers conferred in said act; and the President shall have no greater power respecting rates, charges, and fares for the transportation of persons and property (except troops and Government property) than carriers have heretofore had under the said act.

Mr. CUMMINS. Mr. President, this amendment presents squarely the question that has been more than once suggested and debated in the last day or two. Under this amendment the jurisdiction of the Interstate Commerce Commission as to rates and charges for the transportation of persons and property in general commerce is preserved unimpaired and untouched, the President having absolute power under the previous part of the section to dispose of every other question relating to the operation and management of railways. The bill as it is, as I remarked in my minority report, keeps the promise to the ear but breaks it to the hope. It gives the President the right to initiate rates, as my amendment does, but it gives him also the power to put the new rates instantly into effect, and they can only be modified upon the complaint of some interested person after a hearing by the Interstate Commerce Commission.

Mark you, I am not impairing or infringing upon the authority given to the President in any other thing save the fixing of rates in general commerce, and the difference between the amendment I have offered and the bill as it is lies practically in two things: First, it will give the Interstate Commerce Commission the power to suspend a rate proposed by the carrier or by the President; second, it will make it necessary that the Interstate Commerce Commission shall approve the rate, if it be an increase over the existing rate, before it goes into effect. In that way we may be able, notwithstanding the enormous influence of the Executive—an influence which in recent years unhappily has embraced the Interstate Commerce Commission—notwithstanding that pernicious activity, we may be able to preserve some power in the commission. But under the bill as it is there is no hope of any practical exercise of power upon the part of the commission.

I want to present the question fairly and fully as to whether the Senate desires that in future the Interstate Commerce Commission shall have the same power over rates which it now possesses under the law. Remember, however, when you are voting upon it that it does not interfere with the President's absolute power in every other respect.

Mr. STONE. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Missouri?

Mr. CUMMINS. I yield.

Mr. STONE. Does the Senator mean that he wishes the Interstate Commerce Commission to retain its present power with respect to fixing and adjusting competitive rates?

Mr. CUMMINS. Mr. President, the Interstate Commerce Commission has no power to fix or adjust competitive rates so far as I know.

Mr. STONE. I thought where there were questions arising between railroads running in different directions—competing lines—that it had the power to fix rates?

Mr. CUMMINS. It has the power to fix rates for every railway company in the country, but it has no power to adjust competitive rates, because really there is no such thing as a competitive rate; that is to say, which is recognized by the law.

Mr. STONE. Well, then, does the Senator mean that the Interstate Commerce Commission must retain the power of fixing rates generally?

Mr. CUMMINS. I do. I am insisting that the Interstate Commerce Commission shall be the tribunal, as heretofore, for the establishment of rates for the transportation of property in general—not Government property or Government troops.

Mr. ROBINSON. Mr. President, the amendment which the Senator from Iowa [Mr. CUMMINS] has presented relates to one of the most fiercely contested questions involved in this bill. The provision in the bill was the result of a compromise, to which I referred yesterday, and gives the President the power to initiate rates and put them into effect, subject to the right of the Interstate Commerce Commission to review them as to justness and reasonableness.

I maintain, Mr. President, that under Federal control much power is necessarily vested in the President. In the first place, it has become necessary for the purpose of relieving congestion in the eastern ports to divert a large volume of traffic to

South Atlantic and Gulf ports, and it may prove wise to divert some even to Pacific ports. This can not be done without a quick readjustment of rates between these ports. It may be necessary to increase rates to the eastern ports, to discourage traffic in that direction, and thus induce it to go to ports less congested. It is manifest that there must be a great many readjustments of joint rates to accommodate this new movement of traffic, which would involve long delays if the ordinary peace processes before the Interstate Commerce Commission in respect to the increase of rates should be followed.

In the next place, because of war conditions the country is confronted with the withdrawal of water transportation all along the Atlantic coast, and notably from New England points, and many essential commodities, such as coal, must now move entirely by rail. The rail rates were perhaps in many instances fixed in order to meet water competition, and the railroads can not be made to carry the traffic in all instances without some increase in rates. It may become necessary, in the third place, in the public interest to increase or reduce rates under many circumstances during Federal control, and if the President be deprived of this power it will limit him in the effective operation of the railroads during this very great emergency.

Mr. President, Federal control implies a readjustment to some extent of the conditions and rates that prevailed during peace. There has been already, and there will hereafter be, a great diversion of freight, a great rerouting of freight, and to require the President to wait until the Interstate Commerce Commission has gone through its quasi judicial processes and determined these questions would be to deprive the Government of the benefit of prompt action in the matter of Federal control.

I maintain that the committee has adopted about the best provision to meet the conflicting views that can be written into this bill, and I express the hope that the Senate will defeat the amendment and sustain the committee's provision, which grants the minimum authority in the Executive necessary for effective Federal control as to the making of rates.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Iowa [Mr. CUMMINS].

Mr. CUMMINS. Upon the amendment I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. SHERMAN (when his name was called). I am paired with the senior Senator from Kansas [Mr. THOMPSON] and therefore withhold my vote.

The roll call having been concluded, the result was announced—yeas 24, nays 45, as follows:

#### YEAS—24.

Cummins	Hitchcock	Nelson	Stone
Curtis	Johnson, Cal.	New	Sutherland
France	Jones, Wash.	Norris	Thomas
Gronna	Kenyon	Reed	Trammell
Harding	Knox	Smith, Ga.	Vardaman
Hardwick	McNary	Smoot	Wolcott

#### NAYS—45.

Ashurst	Jones, N. Mex.	Nugent	Shields
Bankhead	Kellogg	Overman	Simmons
Beckham	Kendrick	Page	Smith, Ariz.
Dillingham	King	Pebel	Smith, Md.
Fernald	Kirby	Pittman	Smith, Mich.
Fletcher	Lewis	Poinceter	Smith, S. C.
Frelinghuysen	Lodge	Pomerene	Swanson
Gallinger	McCumber	Ransdell	Warren
Gerry	McKellar	Robinson	Watson
Hale	McLean	Saulsbury	
Henderson	Martin	Shafroth	
Hollis	Myers	Sheppard	

#### NOT VOTING—25.

Borah	Fall	Penrose	Wadsworth
Brandagee	Goff	Sherman	Walsh
Broussard	Gore	Sterling	Weeks
Caldor	James	Thompson	Williams
Chamberlain	Johnson, S. Dak.	Tillman	
Colt	La Follette	Townsend	
Culberson	Owen	Underwood	

So Mr. CUMMINS's amendment was rejected.

Mr. STONE. In this connection, Mr. President, I ask to have printed in the RECORD a telegram which I send to the desk.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

KANSAS CITY, Mo., February 21, 1918.

HON. WILLIAM J. STONE,

United States Senator, Washington, D. C.:

At a special called meeting this date of the board of directors of the chamber and representative shippers to consider rate-control features of railroad bills in Congress, we respectfully urge the amendment and enacting of the Senate bill, providing that the Interstate Commerce Commission shall continue to exercise full control of all rates and charges of railroads during Government operation, subject to all provi-

sions of the act to regulate commerce, especially relating to discriminatory and prejudicial rates and suspension of date effective thereof pending public hearing. We make no suggestions as to other features of the proposed legislation empowering the President to deal with the carriers during the period of the war.

THE CHAMBER OF COMMERCE OF KANSAS CITY, Mo.,  
C. W. LONSDALE,

*Third Vice President, in Charge of Traffic.*

Mr. SMITH of Michigan. Mr. President, I desire to invite the attention of the Senator from South Carolina to the provision of this bill at pages 9 and 10, section 7, where the President is given discretionary power to buy certain railroad stocks and securities at par, but he has no discretion whatever in selling those securities.

It seems to me that the President should be given some discretion in disposing of railroad stocks. He can not dispose of them at less than cost, no matter how badly he may want to do so. If there is any good reason for thus restricting his power to divest the Government of railroad stocks purchased under the authority of this bill, I should like to know what the reason is?

Mr. SMITH of South Carolina. Mr. President, I think the only object that the committee had in view was that when these securities were purchased, without making some limitation as to what should be the price, it might be possible that they would lay themselves open to the charge of having disposed of them at a sacrifice. I can see the point that the Senator is making. In that connection, the provision reads:

The President may purchase for the United States all or any part of such securities at prices not exceeding par.

Which means that he may purchase at any price—

Mr. SMITH of Michigan. Less than par.

Mr. SMITH of South Carolina. Less than par; and I do not know that there is any valid reason why he may not be allowed to sell them under such conditions as would be for the best interests of the public in general.

Mr. SMITH of Michigan. That is exactly the point I desire to make.

Mr. SMITH of South Carolina. I see no objection to that.

Mr. SMITH of Michigan. It seems to me that all after the word "desirable," in line 4, down to the semicolon, ought to be stricken out, so that the provision would read:

The President may purchase for the United States all or any part of such securities at prices not exceeding par, and may sell such securities whenever in his judgment it is desirable.

That amendment ought to be made. Otherwise we may get into the Treasury of the United States millions of dollars' worth of stocks and bonds that we can not get rid of unless the President goes into the open market and bolsters up that market. To make him such an instrument of questionable propriety is beyond belief.

I therefore move, Mr. President, to strike out the words "at prices not less than the cost thereof," in line 4, on page 10; and after what the Senator from South Carolina, in charge of the bill, has said about it, I hope the amendment may be adopted.

Mr. SMOOT. Mr. President, just one word. The object of allowing the President to buy these securities at all is that the market is not and will not be in a condition to purchase them. If we give the President the power to purchase these securities at par and then allow him to sell them at less than par, the President could throw these very securities upon the market, and that would have a worse effect than if forced upon the market by the roads themselves.

Mr. SMITH of Michigan. Mr. President, if the Senator will permit an interruption, to throw them upon the market, of course, would challenge the discretion and the patriotism of the President. I am not doing that; and to make it necessary for him to bolster the entire market before he could part with these stocks would be a strange thing for the President of the United States to undertake.

Mr. SMOOT. Mr. President, I do not think the Government of the United States would have to invest any money in these securities unless the condition of the money market was such as now exists. I think the Government ought to buy the securities at par, if it buys them at all, and I do not believe it ought to sell them below par, nor should we authorize them to be sold below par, because after normal conditions have been restored the President can sell these securities at par and perhaps above. It does seem to me that they ought not to be sold by the Government of the United States for less than it paid for them, and not until financial conditions are normal.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. SMITH]. The amendment was rejected.

Mr. CUMMINS. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. It is proposed to add, at the end of section 1, the following:

*Provided*, That in no case shall the net income—that is, the sum remaining after deducting for operation, maintenance, taxes, fixed charges, interest on funded and unfunded debt and all other items of expense according to the system of accounting established by the Interstate Commerce Commission—of any such carrier exceed 5 per cent on the par value of its capital stock—eliminating duplications—outstanding on the 31st day of December, 1917.

Mr. CUMMINS. Mr. President, this amendment recalls the attention of the Senate to the subject of compensation during Federal control.

The amendment which I offered yesterday, or day before, was scientifically correct, so far as its expression was concerned, but I believe that a great many Senators failed to comprehend its effect upon the bill by reason of the intricacy of the subject. I have reduced the matter to its last analysis in the amendment which I have just offered, and it is so simple that anyone, no matter how unfamiliar with the bookkeeping or system of accounts established by the commission, can comprehend it.

It provides that the net income, after the payment of all expenses of every character, including interest and taxes of every kind that can be possibly assessed against the railway company, shall not exceed 5 per cent upon the par value of the stock outstanding on the 31st day of December, 1917, that being the day upon which we began our new relation to the railway companies.

I believe that in the emergency through which we are passing 5 per cent is adequate compensation. I believe that in view of the sacrifices and hardships which the American people are expected to make and to suffer we ought not to pay these securities more than 5 per cent, for then they are closely related in value to the bonds which the Government expects the people to take, the proceeds from which will enable us to carry on the war.

Now, that is my view, but if this amendment is not acceptable I intend to offer another providing for 6 per cent. I want to get, if I can, the sober, intelligent view of the Senate with regard to the dividends that ought to be paid upon the stock of railroad corporations during this war, and I know of no way in which to get that view except to ask a vote upon the proposition I have made, which strips the subject of all the verbal obscurities in which the bill itself is couched.

If no other Senator desires to speak upon the amendment, or in any event, Mr. President, I will ask at this time that when the vote is taken upon the amendment it shall be by the yeas and nays.

Mr. SMITH of South Carolina. Mr. President—

Mr. CUMMINS. I should like to have that matter determined now.

The VICE PRESIDENT. Is there a second?

The yeas and nays were ordered.

Mr. SMITH of South Carolina. Mr. President, I just want to call the attention of the Senate to the fact that this is the identical proposition that the Senator from Iowa has offered here more than once, and it has been voted down more than once. It simply means that he is committing the Government to a policy that has not obtained at any time, at any place, anywhere, and restricting the roads to an amount sufficient to pay a certain rate of interest on their bonds and dividends on their stock, and, outside of that, no earnings whatsoever. He knows as well as the committee knows that we have had no way to ascertain whether or not this would be a just compensation. He knows as well as the committee knows that it would rob the President of the basis which we hope will be one upon which he and the railroads can agree. He knows that rather than submit to some arbitrary statutory enactment as the basis upon which they will settle, which it is beyond the province of this legislature to make, the roads will go into the courts, and the precious time that is necessary for us to mobilize and use these indispensable resources of our economic life will have passed.

The Senator knows that this is not the time or the place for us to determine the question of the justice of returns to the railroads. Every man on the floor of the Senate will address himself at the proper time to that question, but this is not the proper time, and I do not know why the Senator insists upon bringing it up and having it defeated and still bringing it up again. He is not detracting from the patriotism of any man here by putting us on record as to how we stand on this matter. I say here and now that I am willing to bear my share of the so-called burden that we are going to pay the railroads, if in bearing it we can expedite matters and cause us the more readily and easily to win the terrible conflict we are in. But in order to save one or two or three million dollars, perhaps, let us not jeopardize the whole scheme and throw it all into the courts for a mere question of dollars and cents. We are passing this legislation for the purpose of getting the forces of America mobilized as quickly and as powerfully as we may, in order to win this



war. We can not sit down and calculate nicely what the ship-  
pers and the railroads are entitled to in a nicely balanced peace-  
time condition.

I hope the Senate will vote down the amendment and give the  
President the latitude that this bill gives him, to agree with  
these people who have their money invested in these roads on  
any basis that he can within the provisions of the bill.

Mr. REED. Mr. President, adopting the phraseology of the  
chairman of the committee, it might be said that he knows that  
the adoption of this amendment or any other amendment fixing  
a compensation will not delay the taking over of these roads  
one second, because the roads have already been taken over.  
It might be further said that he knows perfectly well that it  
will not unbalance financial conditions, because the road re-  
fusing to accept the 5 per cent return will surely be a road that  
would hope to get a larger return than 5 per cent by going into  
court; and the road that can fairly hope to have more than 5  
per cent net return is not the kind of road the securities of  
which will in any manner disturb the financial market.

When we consider the question so often raised to cover every  
defect and every imperfection, that we must do this in order to  
win the war, it will be difficult to understand how keeping rail-  
road companies down to a fair return upon their capital can  
in any way militate against the success of our fortunes on the  
western front or on the high seas. The truth of the matter is  
that as we are drawing this bill we are putting some few re-  
strictions in, we are laying down some rules to be followed, and  
the sole question is, Ought we to provide that no railroad com-  
pany shall receive more than 5 per cent net upon its stock? It  
seems to me that that question ought to be settled upon its  
merits. It does seem to me that an absolute guaranteed return  
of 5 per cent for a period of the war and 18 months thereafter  
would be a condition that most financial institutions of the  
United States and most individuals would like to be assured  
of upon their investments.

Mr. JOHNSON of California. Mr. President, neither this  
amendment nor any individual connected with the amendment,  
of course, impugns the patriotism of any Senator upon this floor.  
We recognize the unselfish devotion of those who are upon the  
committee, and the patriotism of all those who have voted with  
the majority. Their patriotism and unselfishness as evinced  
by their action on this bill are far beyond any dispute or any  
cavil of ours whatever.

This amendment, however—and I trust if it is defeated it will  
be followed with other amendments of a like sort at 6 and 7  
per cent as well—says to the railroad companies of the United  
States in time of war that they shall be paid every dollar of  
expense, every penny of interest that may be due upon any out-  
standing indebtedness or outstanding bond, and then that there  
shall be paid to them 5 per cent upon their capital stock. It is  
a sorry compliment to the railroad companies and to the rail-  
road magnates of this land, it is a pitiful tribute to their  
patriotism, that any Senator should insist that that does not, in  
this time of crisis and war, do ample, full, and complete justice  
to them, and to every one of them.

I can conceive of no rational theory upon which to every  
business in this land a lesser rate should be guaranteed in this  
crisis and to the railroads of the land 5 per cent and more.

If this amendment be defeated I trust the Senator from Iowa  
will follow it with an amendment allowing the railroad com-  
panies 6 per cent on their capital stock, and then an amendment  
providing for 7 per cent, and let us see just exactly the extent of  
the generosity of Congress to railroad proprietors in time of  
crisis and in time of war, in time of sacrifice of men and of  
women and children in this land, in time of sacrifice of property  
and of blood.

Mr. SMITH of South Carolina. Will the Senator allow me?  
It is not a question of 5, 6, 7, 8, 9, 10, or 20 per cent. It is a  
question in this bill of leaving it to the discretion of the Presi-  
dent to take what the railroads have earned and reach a basis  
of agreement as to what he will pay them.

Mr. JOHNSON of California. On the contrary, Mr. Presi-  
dent, in reply—for I have only a minute and a half—I say to  
the Senator from South Carolina he is inaccurate in his state-  
ment. The bill provides the particular mode of compensation.  
The President has stated the mode that he will adopt. The  
Director General has stated his intention, and the intention of  
the Director General and the rate of compensation in the pro-  
clamation by the President are alike. It is the intention to pay  
exactly the rate that is specified in this particular bill.

Mr. SMITH of South Carolina. If the Senator will allow me,  
those intentions have never been communicated to the commit-  
tee; certainly not to the chairman of the committee.

Mr. JOHNSON of California. In answer, Mr. President, I  
say they were communicated in the original proclamation of the

President. They were stated in his address given to both  
Houses. I am told by the Senator from Iowa [Mr. CUMMINS]  
that they were stated by Director General McAdoo in his testi-  
mony before the particular committee. If I am in error in the  
latter statement, I may stand corrected, but the statement has  
never been challenged. They are of record in the proclamation  
of the President and they are of record as well in the Presi-  
dent's address to Congress delivered only a brief period ago;  
they are of record in the proceedings of the committee and of  
record in the bill before us. Whether of record or not, here  
now is submitted that the rate of compensation shall not ex-  
ceed, after all payments of interest, indebtedness, and so forth,  
5 per cent. Hereafter, if this amendment be defeated, the com-  
pensation will be increased to 6 per cent. If that be defeated,  
then we offer 7 per cent. Can more be asked of a kindly and  
tender and overgenerous Congress?

Mr. SMITH of South Carolina. That was to be the basis on  
which compensation was to be reckoned. The average of three  
years' net earnings was the basis upon which the agreement was  
to be reached. I will just call the attention of the Senator  
to one glaring instance in the table given by the Senator from  
Iowa.

The VICE PRESIDENT. The Senator's time has expired.  
Is there further discussion? If not, the yeas and nays have  
been demanded on the amendment proposed by the Senator from  
Iowa. Is there a second?

The yeas and nays were ordered, and the Secretary proceeded  
to call the roll.

Mr. KNOX (when his name was called). Again announcing  
my pair with the senior Senator from Oregon [Mr. CHAMBER-  
LAIN] and transferring that pair to the junior Senator from  
New York [Mr. CALDER], I vote "nay."

Mr. SHERMAN (when his name was called). I have a pair  
with the senior Senator from Kansas [Mr. THOMPSON], which  
I transfer to the Senator from New York [Mr. WADSWORTH]  
and vote "nay."

The roll call having been concluded, the result was an-  
nounced—yeas 19, nays 46, as follows:

YEAS—19.			
Cummins	Henderson	Kenyon	Sutherland
Curtis	Hollis	Kirby	Thomas
Gore	Johnson, Cal.	McNary	Trammell
Gronna	Jones, Wash.	Norris	Vardaman
Hardwick	Kendrick	Reed	
NAYS—46.			
Bankhead	Kellogg	Overman	Simmons
Beckham	Knox	Owen	Smith, Ariz.
Dillingham	Lewis	Page	Smith, Md.
Fernald	Lodge	Phelan	Smith, Mich.
Fletcher	McCumber	Pittman	Smith, S. C.
France	McKellar	Pomerene	Smoot
Frelinghuysen	McLean	Ransdell	Swanson
Gallinger	Martin	Robinson	Warren
Gerry	Myers	Saulsbury	Watson
Hale	Nelson	Shafroth	Wolcott
Harding	New	Sheppard	
Jones, N. Mex.	Nugent	Sherman	
NOT VOTING—29.			
Ashurst	Fall	Polindexter	Underwood
Borah	Goff	Shields	Wadsworth
Brandee	Hitchcock	Smith, Ga.	Walsh
Broussard	James	Sterling	Weeks
Calder	Johnson, S. Dak.	Stone	Williams
Chamberlain	King	Thompson	
Colt	La Follette	Tillman	
Culberson	Penrose	Townsend	

So Mr. CUMMINS's amendment was rejected.

Mr. CUMMINS. I offer the following amendment.

The SECRETARY. Add at the end of section 1 the following:

*Provided*, That in no case shall the net income (that is, the sum  
remaining after deducting for operation, maintenance, taxes, fixed  
charges, interest in funded and unfunded debt, and all other items of  
expense according to the system of accounting established by the Inter-  
state Commerce Commission) of any such carrier exceed 6 per cent on  
the par value of its capital stock (eliminating duplications) outstand-  
ing on the 31st day of December, 1917.

Mr. CUMMINS. Mr. President, it will be observed that this  
amendment is precisely in terms like the one just voted upon  
except that it permits a dividend of 6 per cent upon the capital  
stock outstanding on the 31st day of December. It is offered,  
as I shall offer another one, in the hope that we may not close  
this bill with the extravagant compensation now provided re-  
maining in it.

I ask for the yeas and nays upon agreeing to the amendment.

The yeas and nays were ordered, and the Secretary proceeded  
to call the roll.

Mr. KNOX (when his name was called). Repeating the an-  
nouncement on the former vote, I vote "nay."

Mr. SHERMAN (when his name was called). I am paired  
as heretofore announced, and I transfer my pair to the senior  
Senator from New York [Mr. WADSWORTH] and vote "nay."

The roll call having been concluded, the result was announced—yeas 24, nays 45, as follows:

## YEAS—24.

Borah	Henderson	Kenyon	Shafroth
Cummins	Hollis	King	Smith, Mich.
Curtis	Johnson, Cal.	Kirby	Sutherland
Gore	Johnson, S. Dak.	McNary	Thomas
Gronna	Jones, Wash.	Norris	Trammell
Hardwick	Kendrick	Reed	Vardaman

## NAYS—45.

Bankhead	Kellogg	Overman	Smith, Ariz.
Beckham	Knox	Page	Smith, Ga.
Dillingham	Lewis	Pittman	Smith, Md.
Fernald	Lodge	Polindexter	Smith, S. C.
Fletcher	McCumber	Pomerene	Smoot
France	McKellar	Ransdell	Swanson
Frelinghuysen	McLean	Robinson	Warren
Gallinger	Martin	Saulsbury	Watson
Gerry	Myers	Sheppard	Wolcott
Hale	Nelson	Sherman	
Harding	New	Shields	
Jones, N. Mex.	Nugent	Simmons	

## NOT VOTING—25.

Ashurst	Fall	Phelan	Wadsworth
Brandegge	Goff	Sterling	Walsh
Broussard	Hitchcock	Stone	Weeks
Calder	James	Thompson	Williams
Chamberlain	La Follette	Tillman	
Colt	Owen	Townsend	
Culberson	Penrose	Underwood	

So Mr. CUMMINS's amendment was rejected.

Mr. CUMMINS. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment proposed by the Senator from Iowa will be stated.

The SECRETARY. It is proposed to add to section 1 the following:

*Provided, That in no case shall the net income (that is, the sum remaining after deducting for operation, maintenance, taxes, fixed charges, interest on funded and unfunded debt, and all other items of expense according to the system of accounting established by the Interstate Commerce Commission) of any such carrier exceed 7 per cent on the par value of its capital stock (eliminating duplications) outstanding on the 31st day of December, 1917.*

Mr. CUMMINS. I ask for the yeas and nays, Mr. President.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. KNOX (when his name was called). Repeating the announcement which I made upon the previous vote as to my pair and its transfer, I vote "nay."

Mr. SHERMAN (when his name was called). I am paired with the senior Senator from Kansas [Mr. THOMPSON]. I transfer that pair to the senior Senator from New York [Mr. WADSWORTH] and vote "nay."

Mr. WILLIAMS (when his name was called). I have a standing pair with the senior Senator from Pennsylvania [Mr. PENROSE], but I am informed that if he were present he would vote as I am about to vote. I therefore regard myself as at liberty to vote. I vote "nay."

The result was announced—yeas 27, nays 47, as follows:

## YEAS—27.

Ashurst	Hardwick	Kendrick	Shafroth
Borah	Henderson	Kenyon	Smith, Mich.
Cummins	Hitchcock	King	Sutherland
Curtis	Hollis	Kirby	Thomas
Gore	Johnson, Cal.	McNary	Trammell
Gronna	Johnson, S. Dak.	Norris	Vardaman
Harding	Jones, Wash.	Reed	

## NAYS—47.

Bankhead	Knox	Owen	Simmons
Beckham	Lewis	Page	Smith, Ariz.
Dillingham	Lodge	Phelan	Smith, Ga.
Fernald	McCumber	Pittman	Smith, Md.
Fletcher	McKellar	Polindexter	Smith, S. C.
France	McLean	Pomerene	Smoot
Frelinghuysen	Martin	Ransdell	Swanson
Gallinger	Myers	Robinson	Warren
Gerry	Nelson	Saulsbury	Watson
Hale	New	Sheppard	Williams
Jones, N. Mex.	Nugent	Sherman	Wolcott
Kellogg	Overman	Shields	

## NOT VOTING—20.

Brandegge	Culberson	Penrose	Townsend
Broussard	Fall	Sterling	Underwood
Calder	Goff	Stone	Wadsworth
Chamberlain	James	Thompson	Walsh
Colt	La Follette	Tillman	Weeks

So the amendment of Mr. CUMMINS was rejected.

Mr. RANDELL. I submit an amendment, which I send to the desk.

The VICE PRESIDENT. The amendment proposed by the Senator from Louisiana will be stated.

The SECRETARY. On page 9, line 17, after the word "interest," it is proposed to insert "including the construction of tracks,

structures, and equipment to facilitate the exchange of traffic between carriers by water and carriers by rail."

Mr. RANDELL. Mr. President, I regard this as quite an important amendment. It is barely possible that it may be included in the terms of the bill, but I am not at all clear as to that. It certainly is very important that water carriers, if used, as I hope and believe they will be used under the power given to the President in this bill, will be enabled to cooperate in a businesslike manner with the railways.

The waterways, as everyone knows, are not being used at the present time. There are very few carriers on them—very few boats. They have been completely neglected and overlooked. We criticize the Germans in a great many respects, but we might well imitate them in utilizing our waterways as they have been utilizing theirs. Many of the closest students of the subject think that the great development of Germany during the last 40 years is due more to the wise and businesslike development of its waterway systems than to any other one cause.

This bill provides, at the close of section 6, that out of the revolving fund of \$500,000,000 the President shall have authority to build boats and barges for the various canals and rivers of the country, if he deems it advisable so to do. The purpose of my amendment is to authorize him, beyond any question, to make physical connection between the railways and the boat lines. We know that that does not exist at the present time, or that it exists in very few places. If we are to utilize rivers and canals, it can not be done effectively except by making the railway and the waterway cooperate.

Mr. POMERENE. Mr. President, may I interrupt the Senator for a question?

Mr. RANDELL. I will yield for a question, but not for an argument.

Mr. POMERENE. Merely for a question. The Senator has stated that there were very few boats on the rivers.

Mr. RANDELL. That is true.

Mr. POMERENE. Now, then, with what are we to connect the railways if there are no boats?

Mr. RANDELL. There are some boats now; and the provision which I propose would authorize the President to put on more boats. I sincerely hope we are going to use a part of this \$500,000,000 in putting more boats on the rivers. We could not expend it in a wiser or better way. We could not expend it in a way which would give greater returns to the American people. We could not help them more than by utilizing these splendid God-given highways, which have been allowed to go to utter neglect in this country.

Mr. President, I wish to ask that a very brief address, of some eight pages, delivered by Mr. S. A. Thompson, on "The relation of improved waterways to foreign trade" be published along with my remarks. The address was delivered two years ago before the Third National Foreign Trade Convention at New Orleans. It contains some splendid thoughts and very valuable data.

The VICE PRESIDENT. Is there objection?

Mr. GALLINGER. What is the request, Mr. President?

The VICE PRESIDENT. The request is to publish somebody's speech as a part of the Senator's remarks.

Mr. GALLINGER. I must object.

The VICE PRESIDENT. Objection is made.

Mr. RANDELL. I hope the Senator from New Hampshire will not make the objection. Let me state what the matter is. It is a very brief address, covering eight narrow pages, which was delivered two years ago before the Foreign Trade Council at New Orleans. I shall simply have to read it if the Senator objects to printing it. It is not a political speech, but it is a discussion, in a very forceful manner, of the merits of the question of transportation.

Mr. GALLINGER. Mr. President, I think we ought to keep that kind of matter out of the RECORD until we can get paper enough to print the RECORD for our constituents.

Mr. RANDELL. I will say to the Senator that, while I respect him very much, that matter shall go into the RECORD if I am obliged to stand in my place here and read it. The Senator will not accomplish anything by his objection.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. RANDELL. Very well; I shall resume later.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Louisiana.

The amendment was rejected.

Mr. CUMMINS. I offer the amendment which I send to the desk, and desire to say now that I do not intend to ask for a roll call upon it.

The VICE PRESIDENT. The amendment will be stated.



The SECRETARY. On page 14, line 9, after the word "desirable," it is proposed to insert the following proviso.

*Provided*, That upon the termination of the war the President shall appoint, by and with the consent of the Senate, a board of railway directors, to be composed of five persons, one of whom shall be an engineer, one a financier, one trained in the operation of railway property, one whose interests have allied him with the shipping public, and one a lawyer. The members of the board shall hold office during the remainder of the period of Federal control. Removals must be for cause shown, and vacancies shall be filled in the same manner as original appointments are made. Each of said directors shall receive compensation at the rate of \$12,500 per year. The principal office shall be in the District of Columbia. All necessary employees of the board shall be appointed by the board under the rules of the Civil Service Commission.

Immediately upon the organization of said board of directors all the powers, whether granted by the act of August 29, 1916, or herein granted to the President, shall vest in said board of railway directors.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Iowa.

Mr. RANDELL. Mr. President, I proceed now to read the address to which I have referred. It is a speech of Mr. S. A. Thompson, delivered before the Third National Foreign Trade Convention, held in New Orleans, on January 29, 1916:

"Mr. Chairman and gentlemen, it may seem presumptuous for anyone on this closing day of the convention to attempt to add anything whatever to the able addresses and the interesting and enlightening discussions to which we have already listened. I crave your indulgence for a few minutes, however, while I briefly discuss a factor which bears a fundamental relation to trade both foreign and domestic, one which is of vital importance to commerce both under the normal conditions of peace and in the emergencies produced by war. I refer to transportation.

"Transportation affects the price of everything bought or sold by any individual. It limits the territory tributary to the trade of any city. It determines the development of the resources of any State. And, far more than any other one thing, it fixes the share obtained by any nation in the commerce of the world.

"Unlike manufacture, which transforms crude materials into products adapted for human use, transportation changes the location of things without changing their character. The cost of transportation, therefore, is a tax which must be paid either by the producer or the consumer, or, as is sometimes the case, divided between the two.

"This transportation tax is by far the heaviest one we pay. Official figures for the year 1913 show that if to the total expenditures made by the National Government, for all purposes, we add all those made by the 48 States, by every county in all these States, and by every city, town, and incorporated village in the country with a population of 2,500 or over, the whole vast total sum could have been paid out of the gross earnings and income of our railways for the same year, and there would then have been left a surplus of \$152,000,000.

"So, as you see, one form of transportation alone, the railway, collects from the average citizen of the United States more than he pays for the support of the Nation, the State, the county, and the city or village in which he lives. A little study of the cost of transportation by different methods may give us some light on the possibility of getting our transportation taxes reduced.

"The experts of the Agricultural Department estimate the cost of transporting a ton of freight a distance of 1 mile by horse and wagon, on the average road in the United States, at 23 cents. In England, where the roads are much better than most of those in this country and where much attention has been given to the development of what the English call a steam lorry and we would call a steam truck, it is said that goods can be carried for 5 cents per ton per mile.

"The average rate on all the railroads in the United States during the past few years has been about  $7\frac{1}{2}$  mills per ton per mile, but I can pick out a special group of roads upon which the average has been about 5 mills.

"On the Erie Canal in recent years the ton-mile rate has been about 3 mills, while on certain canals in Europe, which are deeper and wider and on which electric or other mechanical systems of haulage are used, the rate is 2 mills.

"The official records kept at the 'Soo' show that the average rate on the freight carried into and out of Lake Superior in 1913 was two-thirds of a mill per ton-mile, while coal is habitually carried from Buffalo to Duluth, and I have the authority of the Pittsburgh Coal Exchange for the statement that it has often been carried from Pittsburgh to New Orleans for one-third of a mill per ton per mile.

"These are microscopic figures; let me translate them into something with which the average business man is more familiar. Here is something [holding up a dollar bill] with which I hope

all of you are very much more familiar than I am. Suppose you have a ton of freight to ship and a dollar to spend in shipping it. How far will the dollar carry the ton by these different methods and at these different rates of transportation?

"By horse and wagon, a little over 4 miles; by English steam truck, 20 miles; by rail, at the average rate for United States railways, 133 miles; at the rate on the group of selected railways, 200 miles; on the Erie Canal, 333 miles; on the European canals, 500 miles; by lake, at the average rate through the 'Soo' Canal in 1913, 1,500 miles; while at the rate at which coal is carried, both on the Great Lakes and on the Ohio and Mississippi Rivers, the ton of freight can be shipped 30 miles for a cent, 300 miles for a dime, 3,000 miles for a dollar.

Mr. GALLINGER. Mr. President, notwithstanding the eloquent and instructive speech of the Senator from Louisiana in support of the amendment submitted by the Senator from Iowa, I trust the amendment may be defeated.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Iowa.

The amendment was rejected.

Mr. RANDELL. I submit the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 9, line 13, after the word "facilities," it is proposed to insert "including terminals and their equipment."

Mr. RANDELL. Mr. President, I should like to ask the chairman of the committee if the insertion of the words "including terminals and their equipment," after the word "facilities," in line 13, was considered by his committee, and if, in his judgment, they are included in the intentment, at any rate, of the bill?

Mr. SMITH of South Carolina. Mr. President, I think that both amendments which have been offered by the Senator from Louisiana are absolutely covered by this bill. We make provision for the purchasing of boats and the utilization of waterways and canals as a part of the systems taken over; and I think that wherever indicated the President certainly will take advantage of such facilities if that is for the benefit of the public.

Mr. RANDELL. I am delighted to have that expression of opinion from the chairman of the committee. I will now proceed with what I was reading:

"The difference in the rates of transportation by different methods seems to be sufficiently great to be worthy of serious consideration, but there is more in this matter than has yet been made apparent. Taking any point as a center—and naturally each one of you will think of your own city as a center—over how great a territory will a dollar carry a ton by these different methods and at these various rates of transportation?

"By horse and wagon, over a circle a little more than 8 miles in diameter; with the English steam truck on the English good road, the diameter of the circle becomes 40 miles; at the average railway rate in the United States, it expands to 266 miles; at the rate on the selected railways, to 400 miles; at the Erie Canal rate, to 666 miles; at the European canal rate, to 1,000 miles; at the 'Soo' Canal rate, to 3,000 miles; while at the coal rate which has been named, the dollar will carry the ton to the outer limits of a circle 6,000 miles in diameter.

"Let me give you a concrete illustration of the difference in the cost of transportation by water and by rail. Through the 'Soo' Canal, at the outlet of Lake Superior, there were carried, in 1913, 79,718,344 tons of freight. This was carried an average distance of 820 miles, at an average cost of two-thirds of 1 mill per ton per mile. If this same quantity of freight had been sent an equal distance by rail at the average rate received by United States railways for that year it would have cost \$445,555,488—and 59 cents, if you want to be particular about it—more than was actually paid for its transportation by water.

"Let me hasten to add, however, that if Noah had prophesied a drought instead of a flood, and had issued bonds to construct an irrigation system instead of building an ark, he would have been a bright and shining example of business sagacity compared to a railway man who opposes the improvement of waterways. For, paradoxical as it may seem, the truth is that the best thing that can happen to a railway is to have a waterway paralleling every mile of its track. Indeed I have never been able to find an instance where the improvement of an existing waterway or the creation of a new one has done anything else than to increase the business and the dividends of competing railways. Can any gentleman present tell me of a different result?

"The reason that waterways benefit railways is also one of the fundamental reasons why improved waterways benefit foreign trade. It goes without saying that internal development

must precede external commerce, and the more intensive the internal development the more extensive the external trade may be. Now, waterways have what may properly be termed a creative effect. If a whole mountain is full of valuable minerals only a small portion of the metal can be secured by a tunnel which enters the mountain near the top, but the lower the level at which a tunnel can be driven the greater the number of veins which can be tapped.

"A country may be full of natural resources, yet if none but a costly form of transportation is available few of them can be developed. Every decrease in cost of transportation, like the driving of a tunnel at a lower level, makes possible the utilization of additional resources.

"There are vast quantities of crude, raw materials which can only be profitably moved at a rate which is below the absolute cost of railway operation. But these crude materials, when moved by the cheap transportation which waterways can give, furnish the foundation for great industries, to the benefit both of the territory developed and of the railways by which it is served. Let me give you a concrete illustration.

"The city of Frankfort, in Germany, is said to have been founded by the Romans about the year 150 A. D. Through the slow movement of the centuries Frankfort grew until, in 1881, it had a population of about 140,000. Something happened to change the rate of growth, for in the 20 years following 1886 Frankfort grew more in industry, in commerce, in population, and in wealth than it had grown in all the previous seventeen hundred years.

The VICE PRESIDENT. The time of the Senator from Louisiana has expired.

Mr. SMOOT. Mr. President, I am simply going to ask the reporters that the speech be put in the Record just as it has been read, and not as a whole.

The VICE PRESIDENT. That is their duty.

Mr. SMOOT. Some speeches have been printed otherwise.

Mr. FLETCHER. The Senator need not bother about that. It is a matter for the reporters to attend to.

Mr. SMOOT. The Senator can bother about it.

Mr. FLETCHER. The Senator can not bother about it. It must go in precisely as delivered here, without any request of the Senator.

Mr. GALLINGER. Mr. President, I will ask that the pending amendment be stated again.

The VICE PRESIDENT. The Secretary will state the amendment.

The SECRETARY. On page 9, line 13, after the word "facilities," it is proposed to insert the words "including terminals and their equipment."

Mr. GALLINGER. Mr. President, I am only going to observe that I think the Senator from Louisiana is pursuing rather an extraordinary course, and I hope that in due time he will reach the terminal.

Mr. RANDELL. I hope, Mr. President—

The VICE PRESIDENT. The Senator from Louisiana has had his five minutes. The question is on agreeing to this amendment.

The amendment was rejected.

The VICE PRESIDENT. The bill is in Committee of the Whole and open to further amendment. There being no further amendment—

Mr. TOWNSEND. Mr. President, I have a substitute to offer. If there is not any other amendment to be offered, I will offer the substitute now. I was under the impression that I could not offer a substitute while there was an amendment pending to perfect the bill.

The VICE PRESIDENT. There is no amendment pending now.

Mr. TOWNSEND. Then, Mr. President, I offer the amendment which I send to the desk in the form of a substitute.

The amendment is to strike out all after the enacting clause and insert the following:

That the President being authorized in time of war to take possession, assume control, and utilize systems of transportation, it is hereby declared that the United States will pay just compensation for property now or hereafter taken by the exercise of such authority.

SEC. 2. That where used in this act—

The term "Federal control" means the possession, control, and utilization of a railroad or system of transportation under authority of this act or of the act entitled "An act making appropriations for the support of the Army for the fiscal year ending June 30, 1917, and for other purposes," approved August 29, 1916, whether now or hereafter assumed.

The term "owner" includes any person, corporation, partnership, or association who, during any portion of the period of Federal control of a railroad or system of transportation would be entitled to the possession, use, and control of such railroad or system in the absence of Federal control thereof. Wherever in this act reference is made to the period of Federal control in connection with an owner, it shall be taken

to refer to the portion of such period during which such owner, but for such Federal control, would have been entitled to the possession, use, and control of the railroad or system of transportation.

SEC. 3. That the President is authorized to make with the owner of any railroad or system of transportation under Federal control for which operating returns were made to the Interstate Commerce Commission during the three years ending June 30, 1917, an agreement substantially as follows:

(1) That during the period of Federal control the United States shall pay to such owner—

(a) An annual sum, to be fixed in the agreement, not exceeding the average annual railway operating income from such railroad or system for the three years ending June 30, 1917. In the computation of such income, debits and credits arising from the accounts called in the monthly reports to the Interstate Commerce Commission equipment rents and joint-facility rents shall be included, but debits and credits arising from the operation of such street electric passenger railways, including railways commonly called interurbans, as are at the time of the agreement not under Federal control, shall be excluded. If any lines were acquired by, leased to, or consolidated with such railroad or system between July 1, 1914, and December 31, 1917, both inclusive, and separate operating returns to the Interstate Commerce Commission were not made for such lines after such acquisition, lease, or consolidation, there shall be included in such income an amount representing as nearly as may be what would have been the annual average railway operating income of such lines during the three years ending June 30, 1917, if such separate operating returns had been made.

(b) An annual sum equivalent to an agreed percentage upon the cost of any additions and betterments, less retirements and road extensions, made on or in connection with such railroad or system during the six months ending December 31, 1917.

(c) An annual sum equivalent to a fair percentage upon the cost of additions and betterments, less retirements and road extensions, made on or in connection with such railroad or system during the period of Federal control by the owner, with the approval or by the order of the President, out of funds other than surplus earned or earnings from investments during the period of Federal control, plus a fair percentage upon the amount expended by the owner, during the period of Federal control, for taxes chargeable under the Interstate Commerce Commission classification of accounts in force on December 27, 1917, to investment in road and equipment, and for assessments for public improvements. Such fair percentage in the case of expenditures made out of borrowed money shall be equal to the rate at which such money is borrowed, and in other cases shall be fixed by the President at the time the expenditure is made.

(d) Such average annual railway operating income, the cost of such additions, betterments, and road extensions, the amount of such retirements, and the amounts expended for such taxes and assessments shall be ascertained by the Interstate Commerce Commission and certified by it to the President. The amounts so certified shall, for the purpose of the agreement, be conclusive.

(e) The annual sums above referred to shall be reduced pro rata for any portion of a year during which Federal control does not continue.

(f) Any annual sum required to be paid by the United States under this subdivision shall be paid in such installments as may be agreed upon.

(2) That the United States shall pay to the owner any loss accruing to such owner by reason of any additions, betterments, or road extensions made during the period of Federal control by the President, or made during such period at the order of or with the approval of the President, by such owner, or by the person, corporation, partnership, or association entitled to the possession, use, and control of the railroad or system of transportation at the time such additions, betterments, or road extensions are made. The amount of such loss shall be ascertained by the Interstate Commerce Commission and certified by it to the President. The amount so certified shall, for the purpose of the agreement, be conclusive.

(3) That all taxes assessed for the period of Federal control (which but for such Federal control would under the Interstate Commerce Commission classification of accounts in force December 27, 1917, be deducted from "net revenue from railway operations" in determining "railway operating income") shall, except as hereinafter provided, be paid from operating revenue, or if that is insufficient for the purpose, then from the revolving fund created by this act. If Federal control begins or ends during the tax year for which any taxes may be assessed, the taxes for such year shall be apportioned to the date of the beginning or ending of such Federal control, and the foregoing provisions shall apply only to that portion of such taxes which is due for the part of such tax year which falls within the period of Federal control.

(4) That the owner shall pay from his own funds all other taxes, including the taxes under Titles I and II of the act entitled "An act to provide revenue to defray war expenses, and for other purposes," approved October 3, 1917, or any act in addition thereto or in amendment thereof.

(5) That the owner shall be bound by all the terms and conditions of this act and by any regulation or order made by or through the President under authority of this act or of that portion of the act entitled "An act making appropriations for the support of the Army for the fiscal year ending June 30, 1917, and for other purposes," approved August 29, 1916, which authorizes the President in time of war to take possession, assume control, and utilize systems of transportation; and that, in case of failure to observe such terms and conditions or such regulations or orders, any further payments under the agreement may be suspended or forfeited.

(6) That the owner shall accept the agreement and the performance thereof as just compensation for all property taken by reason of Federal control.

(7) That the President is further authorized in such agreement to make all other reasonable provisions not inconsistent with the provisions of this act or of that portion of the act entitled "An act making appropriations for the support of the Army for the fiscal year ending June 30, 1917, and for other purposes," approved August 29, 1916, which authorizes the President in time of war to take possession, assume control, and utilize systems of transportation that he may deem necessary or proper for such Federal control or for the determination of the mutual rights and obligations of the parties to the agreement arising from or out of such Federal control.

(8) If the President finds in the case of any railroad or system of transportation (a) that no dividends were paid during the period of three years ended June 30, 1917, and (b) that during all or a substantial portion of such period the condition of such railroad or system was so exceptional as to make the average annual railway operating



income plainly inequitable as one of the elements of just compensation, and (c) that such exceptional condition was caused by nonoperation or receivership, or by the fact that recent expenditures for additions, betterments, road extensions, or equipment were not fully reflected in the railway operating income during such period or a substantial portion thereof, or by other undeveloped or abnormal conditions, then the President may, in lieu of so much of the annual sum payable under clause (a) of subdivision (1) as represents the annual average railway operating income from such railroad or system, substitute such amount as he finds just.

(9) The President is further authorized to make in such agreement all reasonable provisions for the maintenance, repair, and renewals of the property, for the depreciation thereof, and for the creation of necessary reserve funds in connection therewith, to the end that at the termination of Federal control the railroad or system of transportation shall be returned to the person, corporation, partnership, or association then entitled to the possession, use, and control thereof, in substantially as good repair and in substantially as complete equipment as at the beginning of Federal control, and that all just and proper accounting and adjustments be made, due consideration being given to the standards of maintenance and depreciation used in connection with such railroad or system during the three years ended June 30, 1917, and to the condition of the property at the beginning and at the end of Federal control.

SEC. 4. That if no agreement is made under section 3 the President may nevertheless pay in reasonable installments to the owner of any railroad or system of transportation under Federal control an annual sum during the period of Federal control not exceeding 90 per cent of the estimated annual amount of just compensation, and any balance claimed shall be determined as provided in section 5. The estimated annual amount of just compensation in the case of an owner with whom the President is authorized to agree, under section 3, shall not exceed the annual amount which he is authorized under that section to agree that the owner shall receive.

The acceptance of any benefits under this section shall constitute an acceptance by the owner of all the provisions of this act and shall obligate the owner to pay to the United States, with interest at the rate of 6 per cent per annum from a date or dates fixed in proceedings under section 5, the amount by which the sums received under this section exceed the sum found due in such proceedings.

SEC. 5. That if no agreement is made all claims for just compensation shall, on the application of the President or of any owner, be submitted to boards, each consisting of three referees to be appointed by the Interstate Commerce Commission, members of which and the official force thereof being eligible for service on such boards without additional compensation.

Such board of referees are hereby authorized to summon witnesses, require the production of records, books, correspondence, documents, and other papers, view properties, administer oaths, and may hold hearings in Washington or elsewhere, as their duties and the convenience of the parties may require. In case of disobedience to a subpoena the board may invoke the aid of any district court of the United States in requiring the attendance and testimony of witnesses and the production of documentary evidence, and such court within the jurisdiction of which such inquiry is carried on may, in case of contumacy or refusal to obey a subpoena issued to any person, corporation, partnership, or association, issue an order requiring appearance before the board, or the production of documentary evidence if so ordered, or the giving of evidence touching the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

Such cases may be heard separately or together or by classes, as the Interstate Commerce Commission or any board of referees to which any such cases shall be referred may determine. Such boards shall give full hearings to such owners and to the United States, shall consider all the facts and circumstances, and shall report as soon as practicable in each case to the President the just compensation, calculated on an annual basis, and otherwise in such form as to be convenient and available for the making of such an agreement as is authorized in section 3.

The President is authorized to enter into an agreement with such owner for just compensation upon a basis not in excess of that reported by such board and may include therein provisions similar to those authorized in section 3.

Failing such agreement, either the United States or such owner may file a petition in the Court of Claims for the purpose of ascertainment of the amount of such just compensation, and in the proceedings in such court the report of the referees shall be prima facie evidence of the amount of just compensation and of the facts therein stated.

The Court of Claims shall have jurisdiction to render its award in such form as it may deem proper and to provide for the reopening of its award and for the award of such further compensation as may be found due because of conditions arising after the making of the original award.

SEC. 6. That if no agreement is made under section 3 the United States nevertheless pledges itself to maintain each railroad or system of transportation in such manner that at the termination of Federal control thereof such railroad or system will be turned over to the person, corporation, partnership, or association then entitled to the possession, use, and control thereof in substantially as good physical condition as at the beginning of Federal control thereof. The amount of any loss sustained by any failure to carry out such pledge shall be determined by agreement with the President or, failing such agreement, in the manner provided in section 5, and shall be paid out of the revolving fund created by this act.

SEC. 7. That the sum of \$500,000,000, out of any moneys in the Treasury not otherwise appropriated, and any funds covered into the Treasury under section 14 are hereby permanently appropriated for use by the President as a revolving fund for the payment of the just compensation agreed upon or found due by the Court of Claims, under section 3 or 5, for other purposes specified in this act. If the amount so appropriated proves insufficient for the payment of just compensation, the United States hereby pledges itself to appropriate such sum as may be necessary for such purpose.

SEC. 8. That the President may expend from the revolving fund such amounts as he may deem necessary or desirable—

(a) To provide motive power, cars, and other necessary equipment, which shall be used and accounted for as the President may direct and disposed of as Congress may hereafter by law provide;

(b) To make on or in connection with any railroad or system of transportation any additions, betterments, or road extensions necessary or desirable for war purposes or in the public interest;

(c) For the utilization and operation of canals or for the purchase, construction, utilization, or operation of boats, barges, tugs, and other transportation facilities on the inland and coastwise waterways, and in the operation and use of such facilities he may create or employ such agencies and enter into such contracts and agreements as he deems proper in the public interest.

SEC. 9. That the President during the period of Federal control may on or in connection with any railroad or system of transportation order the owner to make any additions, betterments, or road extensions necessary or desirable for war purposes or in the public interest. He may advance from the revolving fund all or any part of the expense of such additions, betterments, and road extensions, such advances to bear interest at such rate and be payable in such manner and on such terms as may be determined by the President, to the end that the United States may be fully reimbursed for the amount of such advances.

SEC. 10. That if, in proceedings under section 5, neither the award of the Court of Claims nor the agreement makes provision therefor, the President may nevertheless pay, if he deems it just, out of the revolving fund during the period of Federal control to the owner an annual sum equivalent to a fair percentage upon the cost of additions and betterments, less retirements and road extensions, made on or in connection with any railroad or system of transportation during the period of Federal control by the owner, with the approval or by the order of the President out of funds other than surplus earned, or earnings from investments, during the period of Federal control, plus a fair percentage upon the amount expended by the owner during the period of Federal control for taxes chargeable under the Interstate Commerce Commission classification of accounts in force on December 27, 1917, to investment in road and equipment and for assessments for public improvements.

Such fair percentage in the case of expenditures made out of borrowed money shall be equal to the rate at which such money is borrowed, and in other cases shall be fixed by the President at the time the expenditure is made. The cost of such additions, betterments, and road extensions, the amount of such retirements, and the amounts expended for such taxes and assessments shall be ascertained by the Interstate Commerce Commission and certified by it to the President. The amount so certified shall be conclusive.

SEC. 11. That if, in proceedings under section 5, neither the award of the Court of Claims nor the agreement makes provision therefor, the President may nevertheless pay, if he deems it just, out of the revolving fund (to the owner of any railroad or system of transportation or to any person, corporation, partnership, or association who at the termination of Federal control of such railroad or system is or will become by reason of rights existing at such time entitled to the possession, use, and control thereof) any loss accruing by reason of any additions, betterments, or road extensions on or in connection with such railroad or system of transportation made during the period of Federal control by the President or made during such period by the owner at the order or with the approval of the President.

SEC. 12. That during the period of Federal control no owner of a railroad or system of transportation shall, without the prior approval of the President, declare or pay any dividend in excess of the average rate of dividends paid during the three years ending June 30, 1917, by the person, corporation, partnership, or association then entitled to the possession, use, and control of such railroad or system.

SEC. 13. That an owner may, during the period of Federal control, issue only such bonds, notes, equipment trust certificates, stock, and other forms of securities, secured or unsecured by mortgage, as the President may approve as consistent with the public interest. The President may, out of the revolving fund, purchase for the United States all or any part of such securities at prices not exceeding par, and thereafter any securities so purchased shall be held by the Secretary of the Treasury, who shall, under the direction of the President, represent the United States in all matters in connection therewith in the same manner as a private security holder. Any income from such securities shall be covered into the Treasury as miscellaneous receipts. The President may direct that such securities or any portion thereof be sold whenever in his judgment it is desirable, at prices not less than the cost thereof, and the proceeds of such sale shall be covered into the Treasury as miscellaneous receipts.

SEC. 14. That moneys and other property derived from the operation of the railroads or systems of transportation during Federal control are hereby declared to be the property of the United States. Unless otherwise directed by the President such moneys shall not be covered into the Treasury, but such moneys and property shall remain in the custody of the same officers and the accounting thereof shall be in the same manner and form as before Federal control. Disbursements therefrom shall, without further appropriation, be made in the same manner as before Federal control, and for such purposes as under the Interstate Commerce Commission classification of accounts in force on December 27, 1917, are chargeable to operating expenses or to railway tax accruals, and for such other purposes in connection with Federal control as the President may direct, except that taxes under Titles I and II of the act entitled "An act to provide revenue to defray war expenses, and for other purposes," approved October 3, 1917, or any act in addition thereto or in amendment thereof, shall be paid by the owner out of his own funds. If Federal control begins or ends during the tax year for which any taxes so chargeable to railway tax accruals are assessed, the taxes for such year shall be apportioned to the date of the beginning or ending of such Federal control and disbursements shall be made only for that portion of such taxes as is due for the part of such tax year which falls within the period of Federal control.

Such custody and disbursement shall, however, be subject to the direction of the President, and all officers and employees having custody or control of any of such moneys or property shall be subject to all criminal laws regarding the custody and control of public moneys or property so far as not inconsistent herewith.

At such periods as the President may direct the books shall be closed and the balance of revenues over disbursements shall be covered into the Treasury of the United States to the credit of the revolving fund created by this act. If such revenues are insufficient to meet such disbursements the deficit shall be paid out of such revolving fund in such manner as the President may direct.

SEC. 15. That the President may execute any of the powers herein and heretofore granted him with relation to Federal control through such agencies as he may determine and may fix the reasonable compensation for the performance of services in connection therewith; and may utilize the personnel and facilities of the Interstate Commerce Commission and call upon members of such commission, or any of its



employees, or employees of any department of the Government for such services as he may deem expedient. No such Federal official or employee shall receive any additional compensation for such services.

Sec. 16. That all persons performing service on or in connection with a railroad or system of transportation under Federal control, of such a character that, but for Federal control, all or a portion of their compensation would under the Interstate Commerce Commission classification of accounts in force on December 27, 1917, be chargeable to operating expenses, are hereby declared to be, during the period of Federal control or such portion thereof as they remain in such service, in the service of the United States, subject to the following limitations:

(a) They shall not be considered as officers or employees under the United States for the purpose of Title II of the act entitled "An act to provide revenue to defray war expenses, and for other purposes," approved October 3, 1917, commonly called "war excess profits tax";

(b) They shall not be considered civil employees of the United States within the meaning of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916;

(c) The President may by general or special order prescribe what, if any, statutes of the United States, or orders made thereunder (other than the act entitled "An act relating to the liability of common carriers by railroad to their employees in certain cases," approved April 22, 1908, and amendments thereto), shall be inapplicable to such persons or any class thereof;

(d) Nothing in this section shall apply to persons otherwise in the Government service who are utilized or called upon for services under the provisions of section 15.

Sec. 17. That during the period of Federal control any suit or proceeding (of such a character that but for Federal control it could be brought against the owner of any railroad or system of transportation and any amount paid in compromise thereof or in satisfaction of a judgment or decree therein charged to operating expenses or to railway tax accruals under the Interstate Commerce Commission classification of accounts in force on Dec. 27, 1917), may, except as otherwise provided in this act, be instituted against the United States in any court or tribunal which would have jurisdiction of such suit or proceeding but for Federal control, and process therein may be served on the same persons and in the same manner as would be proper but for Federal control, and subsequent proceedings shall be the same as would be proper but for Federal control.

No process, mesne or final, shall be levied against any property under Federal control, or, in connection with any suit or proceeding that may properly be brought against the United States under this section, against any property belonging to the owner of a railroad or system of transportation; but the President shall, by regulation, provide for the payment out of the operating revenue derived from Federal control or, if that is insufficient, out of the revolving fund of any judgments or awards, and for the enforcement of any decrees or orders that may be rendered against the United States in any such suit or proceeding.

Sec. 18. That except as otherwise provided in this act the operating accounts and business shall be continued as in a going concern, so that operating accounts and claims, which have been deferred in the ordinary course of railroad business and which are not paid at the beginning of Federal control of a railroad or system of transportation and which are of a character properly chargeable to operating expenses, shall be paid out of operating income or out of the revolving fund; and on the surrender of such railroad or system of transportation it shall be returned subject to any operating accounts and claims that may be unpaid, if such accounts and claims have been deferred in the ordinary course of railroad business.

Sec. 19. That all statutes and regulations of the United States or for the District of Columbia in force on December 27, 1917, in relation to railroads or systems of transportation, or to their owners or the officers and employees of such owners in connection with the operation thereof, shall, for the purposes of Federal control and so far as is not inconsistent therewith or with this act, be read as if the United States and its agents during the period of Federal control were by the terms of such statutes and regulations expressly subject thereto. The President may from time to time by general or special order specify, as inconsistent with Federal control or any part thereof, any such statute or regulation or part thereof, except the act entitled "An act relating to the liability of common carriers by railroad to their employees in certain cases," approved April 22, 1908, and amendments thereto. In any cause of action against the United States, or any civil or criminal liability of any person, based on any such statute or regulation, hereafter arises before the making of such order, the President may direct that such order or any part thereof be retroactive, and in such event the consent in this act given by the United States to be sued shall for the purpose of such cause of action be withdrawn, and such civil or criminal liability shall no longer exist.

Sec. 20. That the law of each State, statutory or other, in force on December 27, 1917, in relation to railroads or systems of transportation, or to their owners or the officers and employees of such owners in connection with the operation thereof, is hereby, for the purposes of Federal control and so far as is not inconsistent therewith or with this act, made a part of this act and applicable to the United States or its agents operating such railroads or systems of transportation within the jurisdiction of such State. The President may from time to time by general or special order, specify, as inconsistent with Federal control or any part thereof, any portion of such law, except the law relating to contracts, and except that portion of the law regulating the liability for personal injuries to or death of passengers, employees, or other persons, which does not impose liability for breach of a statute or order regulating the health, comfort, or safety of passengers, employees, or other persons. If any cause of action against the United States, or any civil or criminal liability of any person, based on such law, hereafter arises before the making of such order the President may direct that such order or any part thereof be retroactive, and in such event the consent in this act given by the United States to be sued shall for the purpose of such cause of action be withdrawn, and such civil or criminal liability shall no longer exist.

Sec. 21. That, during the period of Federal control, whenever in his opinion the public interest requires, the President may initiate rates, fares, charges, or classifications in relation to any railroad or system of transportation under Federal control, by filing the same with the Interstate Commerce Commission. Such rates, fares, charges, and classifications shall be fair, reasonable, and just, and shall take effect at such time and upon such notice as he may direct, but the Interstate Commerce Commission shall, upon complaint, enter upon a hearing concerning the fairness, justness, and reasonableness of so much of any order of the President as establishes or changes any such rate, fare,

charge, or classification, and may consider all the facts and circumstances existing at the time of the making of such order. After full hearing, the commission may make such findings and orders as are authorized by the act to regulate commerce, as amended and supplemented, in the same manner as if the railroads or systems of transportation affected by such rate, fare, charge, or classification were being operated by the owners thereof; and for such purpose the act to regulate commerce, as amended and supplemented, shall be read as if the United States or its agents operating such railroad or systems were by the terms thereof expressly subject thereto.

Sec. 22. That all pending cases in the courts of the United States affecting railroads or other transportation systems brought under the act to regulate commerce, approved February 4, 1887, as amended and supplemented, including the commodities clause, so called, or under the act to protect trade and commerce against unlawful restraints and monopolies, approved July 2, 1890, and amendments thereto, shall proceed to final judgment as soon as may be, as if the United States had not assumed control of transportation systems; but in any such case the court having jurisdiction may, upon the application of the United States, stay execution of final judgment until the further action of Congress in respect of control of transportation systems by the United States.

Sec. 23. That the Federal control of railroads and transportation systems herein and heretofore provided for shall not continue longer than 18 months after the proclamation of peace terminating the war in which the United States is now engaged: *Provided, however*, That the President may, prior to July 1, 1918, relinquish control of all or any part of any railroad or system of transportation further Federal control of which the President shall deem not needful or desirable; and the President may, at any time during the period of Federal control, agree with the owners to relinquish all or any part of any railroad or system of transportation: *Provided further*, That the President may relinquish all railroads under Federal control, at any time he shall deem such action needful or desirable. No right to compensation shall accrue to any owner from and after the date of relinquishment for property relinquished under authority of this section.

Sec. 24. That this act is expressly declared to be emergency legislation enacted to meet conditions growing out of war; and nothing herein is to be construed as expressing or prejudicing the future policy of the Federal Government concerning the ownership, control, or regulation of carriers or the method or basis of the capitalization thereof.

Sec. 25. That whoever knowingly violates this act, or knowingly interferes with or impedes the possession, use, operation, or control of any railroad property, railroad, or transportation system hitherto or hereafter taken over by the President, or knowingly violates any order or regulation made in pursuance of this act, or of any other act concerning such possession, use, operation, or control, is guilty of a misdemeanor, and shall, upon conviction, be punished by a fine of not more than \$5,000, or by imprisonment for not more than two years, or both. Prosecutions shall be in the district courts of the United States, under the direction of the Attorney General, in accordance with the procedure for the collection and imposing of fines and penalties now existing in such courts.

Sec. 26. That if any provision of this act or the application of such provision to certain circumstances is held unconstitutional the remainder of the act and the application of such provision to circumstances other than those as to which it has been held unconstitutional shall not be affected thereby.

Mr. TOWNSEND. Mr. President, some of the amendments which I have proposed have already been adopted by the committee. Senators who were opposed to my substitute voted for those amendments; but some of the most serious matters connected with the Senate bill have not been corrected, like the compensation which comes from an electric road that is a part of a steam railroad system and like the determination of retirements, no provision having been made for ascertaining their value, which will amount to millions of dollars. The provision relative to taxes is obscure. There is no Senator who can read it and understand exactly what is meant. It will afford a fertile field for litigation. "Standard return" still remains as a misnomer. The unconstitutional provision which fixes the rate of interest which a court must find ere a judgment is not eliminated; and this is similarly true of the prohibition denying to owners the right to dispose of the compensation they receive as they desire.

Now, Mr. President, I do not wish to delay the Senate. I tried to get my views before this body; and having offered this substitute, which will be printed, I am not going even to ask that it be read again, but that a vote be had upon it; and I would like the yeas and nays for the RECORD.

Mr. RANDELL. Mr. President, I want to put this in the RECORD.

Mr. TOWNSEND. May I have order?

Mr. RANDELL. Mr. President—

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Louisiana?

Mr. TOWNSEND. I have been obliged to suspend, but I do not yield.

Mr. President, I have offered the substitute in good faith. It will be printed in the RECORD, and hereafter, when disputes arise under the law, Senators may possibly have occasion to refer to it to determine whether the suggestions that I have made, the offered amendments, were captious or whether they were of the very essence of clear legislation on a matter of the utmost importance to the country.

I ask for the yeas and nays.

The VICE PRESIDENT. Is the request seconded? [A pause.] It is.

Mr. RANDELL. Mr. President, I wish to proceed with reading this very interesting speech.



"Just one thing was changed, and the conclusion is therefore irresistible that this one changed condition produced the results which have been stated.

"Frankfort is situated upon a little river, the original condition of which I have heard described as being 'too much dried up in summer, frozen up in winter, and flooded in the spring, to be of any account for navigation.'

Mr. SHAFROTH. Mr. President—

Mr. RANDELL. I can not yield to the Senator, as I have only five minutes.

Mr. SHAFROTH. Mr. President, I ask unanimous consent that the article or speech which the Senator is reading be printed in the RECORD.

Mr. SMOOT. I object.

The VICE PRESIDENT. The Senator has five minutes. Let him proceed.

Mr. RANDELL (reading)—

"However, a few small boats, drawn by horses, occasionally came up to the city. But in October, 1886, the river as far as Frankfort was given a dependable channel 8 feet 3 inches deep and then things began to happen.

"The German Government, when it agrees to improve a waterway, compels the cities along that waterway to build harbors so that the channel can be used. Frankfort, from 1883 to 1886, spent \$1,750,000 on a harbor, and one indication as to the effect of the improved river upon the city's growth is given by the fact that when the war broke out they were at work upon a new harbor, the estimated cost of which was nearly \$18,000,000.

Mr. KENYON. Mr. President, there is so much disorder that we can not hear the Senator.

Mr. RANDELL. I am speaking loud enough to be heard if order is kept in the Senate. [Reading:]

"Talking some time ago with a gentleman who was born on the banks of the Main, and who still has the accents of the fatherland upon his tongue, he said to me, 'I make two visits, 12 years apart, one before, one after, the river was improved; and now my friends think I lie ven I say dere are schmoke-stacks all der way from Frankfort to der Rhine.' But he was telling the literal truth.

"There is a railroad running along each bank of the Main all the way down to the Rhine. What happened to them? Did their business fall off? Did they go into the hands of receivers or anything like that? On the contrary, their business began to grow by leaps and bounds, and at the time the war broke out they were handling almost four times as much tonnage as they hauled when they had a practical monopoly of the business of Frankfort.

"And that is not all; it is only the beginning. Formerly Frankfort had little to sell and much to buy. The cars and such boats as came at all came in loaded and went back empty. With the development of commerce and industry, Frankfort had also much to sell, and cars and boats went loaded in both directions. Thus the traffic was not only quadrupled in quantity but equalized in direction, and every traffic man present knows what an advantage that is.

"Nor is that all, or even the best of it. The traffic was not only increased in volume and equalized in direction, but it was raised in grade. It could afford to pay, and did pay, a very much higher rate, and in addition to all else, with the growth of population and prosperity, there was a great increase in the passenger traffic. Following the improvement of the Main, the Prussian railway administration found it necessary to spend \$11,000,000 for increased terminal facilities in order to take care of the traffic which the river created and brought to the railway.

"A striking instance of the dominating influence which cost of transportation exercises over foreign trade is to be found in the report of the British Royal Commission on Waterways. The sworn testimony of a manufacturer in the Midland district of England, located only 85 miles from a first-class port and 105 miles from London by rail, declares that he has not only been beaten in the markets of the world, which he once dominated in his line, but actually driven from the capital of his own country by manufacturers in Frankfort and Mannheim, in the heart of Germany, 500 miles farther away—but with water transportation available all the way.

"Improved waterways tend to develop resources and industry widely throughout a country, while sole dependence upon a costlier form of transportation tends to concentrate manufacturing upon and near the seaboard. Manchester, England, in the early eighties, was a dying city. Five thousand dwelling houses were tenantless, hundreds of warehouses were vacant, and factories by the score were closing their doors, or moving to the coast. A dozen years later a marvelous transformation had been wrought. The 5,000 dwelling houses had been reoccupied and 20,000 new ones had been built and were occupied; all the vacant warehouses and hundreds of new ones were teeming with

business; and factories, both old and new, some of the latter being among the largest in England, were humming with industry. The disease which was threatening to destroy the life of the city was costly transportation, and the remedy, which wrought the wonderful change that has been outlined, was the building of a ship canal.

"Liverpool and the railroads leading from that city to Manchester fought with the energy of despair against the building of this canal, thinking that their business would be destroyed.

The VICE PRESIDENT. The time of the Senator from Louisiana has expired.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Michigan, in the nature of a substitute, on which the yeas and nays have been requested and ordered. The Secretary will call the roll.

The Secretary proceeded to call the roll.

Mr. SHERMAN (when his name was called). I announce the same pair as before with the senior Senator from Kansas [Mr. THOMPSON], and transfer that pair to the senior Senator from New York [Mr. WADSWORTH], and vote "nay."

The roll call was concluded.

Mr. HALE. I have been requested to announce the unavoidable absence of my colleague [Mr. FERNALD]. If present he would vote "nay."

The result was announced—yeas 14, nays 51, as follows:

YEAS—14.			
Borah	Frelinghuysen	Kenyon	Thomas
Cummins	Gronna	Norris	Townsend
Dillingham	Johnson, Cal.	Smith, Mich.	
France	Jones, Wash.	Smoot	
NAYS—51.			
Ashurst	Jones, N. Mex.	Nugent	Shields
Bankhead	Kellogg	Overman	Simmons
Beckham	Kendrick	Page	Smith, Ga.
Curtis	King	Phelan	Smith, Md.
Fletcher	Knox	Pittman	Smith, S. C.
Gallinger	Lewis	Polindexter	Sutherland
Gerry	McCumber	Pomerene	Swanson
Gore	McKellar	Ransdell	Trammell
Hale	McLean	Robinson	Vardaman
Harding	McNary	Saulsbury	Warren
Hardwick	Martin	Shafroth	Watson
Henderson	Myers	Sheppard	Wolcott
Hollis	New	Sherman	
NOT VOTING—23.			
Brandegge	Goff	Owen	Underwood
Broussard	Hitchcock	Penrose	Wadsworth
Calder	James	Reed	Walsh
Chamberlain	Johnson, S. Dak.	Smith, Ariz.	Weeks
Cole	Kirby	Sterling	Williams
Culberson	La Follette	Stone	
Fall	Lodge	Thompson	
Fernald	Nelson	Tillman	

So Mr. TOWNSEND's amendment was rejected.

Mr. RANDELL. Mr. President, I send to the desk an amendment, which I ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. It is proposed to insert, after the word "waterways" in line 14, page 9, the words:

Including provisions for the interchange of traffic between water and rail carriers.

Mr. RANDELL. Mr. President, I will continue to read this article:

"But what happened? Although Liverpool, in the effort to retain the business built up through generations of effort and the expenditure of vast sums of money, made repeated reductions in dock charges, the revenues of the Mersey Docks and Harbor Board increased five times as much during the 13 years following the opening of the canal as they had done during the same number of years before. The 7,000,000 tons of traffic developed at Manchester was not stolen from Liverpool; it was created anew. And, incidentally, every railroad leading to Manchester from Liverpool has had to increase its trackage and its terminals three and four times over in order to accommodate the enlarged traffic which the canal has produced.

"If Manchester could not compete with Liverpool when it was only 50 miles from the sea, how in heaven's name can cities in the interior of the United States, a thousand miles or more from tidewater, hope to develop a foreign trade or retain that which they may have now in competition with cities on and near the coast? And if there be anyone, here or elsewhere, who thinks it might be well for the coast cities if manufactures and population should move to them from the interior, let me ask him one question: Have New York, Boston, New Orleans, and the other cities on the coast grown rich and great in spite of the development of the interior or because of it?

"It is my conviction that unless the waterways are improved, and used the opening of the Panama Canal will be one of the greatest disasters that ever happened to the Mississippi Valley. And it is impossible that dry rot should disintegrate the in-

dustry and creeping paralysis destroy the commerce of the heart of the country without working disaster to the port cities upon our seaboard.

"It is unsafe to go very far in prophesying how the present war will end or what its results will be. But one thing seems to me to be beyond all question, and that is that when peace comes again the competition for foreign trade will be far more intense than it has ever been before. It is true that many workers have been killed and disabled, but the warring countries have discovered that their women can do almost, if not quite, everything that their men have done. There will be, especially in Germany, a nationalization, perhaps even what might be called a militarization, of industry. Possibly by the impulsion of patriotism, if necessary by the compulsion of governmental power, labor will accept the lowest living wage, the manufacturer the smallest possible profit, and in every way cost of production will be reduced to the lowest possible point, until the foreign markets, which are absolutely necessary to national rehabilitation, shall have been regained.

"In view of what is to come, it is important to consider what has already come to pass. In every one of the 20 years ending with 1913, the foreign commerce of Germany has exceeded that of the United States, and the excess has been steadily growing greater. Divide the 20 years into four periods of 5 years each. In the first 5 years the foreign commerce of Germany exceeded that of the United States by an average of \$207,000,000 per year. In the second 5 the excess was \$221,000,000. In the third it was \$400,000,000. In the fourth the average excess for each year was \$712,000,000. For the single year 1912 it was \$853,000,000. And for the whole 20 years it was \$7,700,000,000.

"There is nothing in that record for the United States to be proud of, even if the two countries stood somewhere near on an equality. But we have an area more than seventeen times as great; we have 50 per cent more population; we have nearly three times the accumulated national wealth; and we have national resources greater by ten, possibly by twenty fold. If Mr. Farrell should ever find that a competing plant, covering only 10 acres, was doing far more business than one of the Steel Corporation, which covered 175 acres, and that the difference was getting greater every year, I feel absolutely certain that he would not wait 20 years before he found out the reason or reasons for such an astounding discrepancy.

"Now I frankly admit that I have 'water on the brain,' and I never expect to get over it, but I am not so completely a man of one idea that I attribute this startling difference solely to the transportation system of Germany, but I do attribute it mainly to that system."

I have a good deal of the same trouble myself, Mr. President, and I wish America could get water on the brain and use its waterways now, imitating the Germans to that extent.

"In 1905 Prussia passed a bill appropriating \$80,500,000 for waterways. That German Kingdom had already spent \$129,000,000 on waterways, and had \$2,225,000,000 invested in State-owned railways.

"These figures are not insignificant, even when standing alone, but their full significance must be shown by a comparison. And if the United States had already invested nearly \$60,000,000,000 in State-owned railways and had spent \$3,465,000,000 on waterways, and should then pass a single rivers and harbors bill appropriating \$2,160,000,000 more, it would then occupy the same position in regard to transportation that Prussia had reached 11 years ago.

The VICE PRESIDENT. The Senator's time has expired. The question is on the amendment.

Mr. GALLINGER. Mr. President, I hope we will not have any more pro-German speeches in this debate.

Mr. RANSDELL. I wish you would adopt the wise policy of Germany in respect to waterways.

Mr. TOWNSEND and others. Regular order!

The VICE PRESIDENT. The question is on the amendment. The amendment was rejected.

Mr. RANSDELL. I send another amendment to the desk.

Mr. THOMAS. I ask unanimous consent that the Senator from Louisiana may be allowed to insert the matter he is reading in the Record. We are only punishing ourselves. It is very evident that under our system of rules the Senator can keep us here all night if he thinks it necessary.

Mr. RANSDELL. Five minutes more will complete what I want especially to present to the Senate.

What the Germans think of waterways, how absolutely vital they are regarded—

Mr. POMERENE. Mr. President, I rise to ask a question. This is the Senate of the United States. I question whether this amendment is offered in good faith, and I raise the parliamentary question that when an amendment is not offered in good faith it ought to be ruled out of order.

Mr. RANSDELL. No man has a right to impugn my faith. The amendment is germane, and I will proceed now to finish the speech I have been reading.

Mr. JONES of Washington. Let us have the amendment read.

Mr. RANSDELL. I beg pardon. It ought to have been read. The SECRETARY. On page 9, at the end of line 17, insert:

Including terminal facilities and promoting the cooperation of railroads and waterways.

Mr. NORRIS. I move to lay the amendment on the table.

Mr. RANSDELL. Mr. President, I have the floor.

The VICE PRESIDENT. The Senator from Louisiana has not the floor. A motion to lay the amendment on the table is in order.

Mr. RANSDELL. How can that motion be made when I have the floor?

The VICE PRESIDENT. A motion to lay the amendment on the table is in order.

Mr. MYERS. I make the point of order that the Senator from Nebraska can not make that motion while the Senator who proposed the amendment has the floor.

Mr. NORRIS. He did not have the floor.

The VICE PRESIDENT. He did not have the floor. The question is on agreeing to the motion to lay the amendment on the table.

The motion was agreed to.

The VICE PRESIDENT. If there be no further amendment as in Committee of the Whole, the bill will be reported to the Senate.

The bill was reported to the Senate as amended.

The VICE PRESIDENT. The question is on concurring in the amendments made as in Committee of the Whole.

The amendments were concurred in.

The VICE PRESIDENT. If there be no further amendments in the Senate, the bill will be ordered to be engrossed for a third reading.

The bill was ordered to be engrossed for a third reading and was read the third time.

The VICE PRESIDENT. Shall the bill pass?

Mr. RANSDELL. Is the bill in the Senate?

The VICE PRESIDENT. It has been.

Mr. RANSDELL. I reserve the right to offer in the Senate the amendment which I offered in Committee of the Whole.

The VICE PRESIDENT. The bill has passed to a third reading and no amendment can be offered save by unanimous consent. Is there objection?

Mr. RANSDELL. I wish to discuss the bill.

The VICE PRESIDENT. The Senator has five minutes for that purpose.

Mr. RANSDELL. Mr. President—

"What the Germans think of waterways, how absolutely vital they are regarded under all conditions, is shown by the fact that even in the midst of the greatest war in all history, when the Empire is fighting for its very life, they are not only maintaining and operating the waterways they already have, but are actually building more. The great new waterway from the Oder to the Vistula, although not entirely finished, was opened to traffic in April of last year; the Rhine-Hanover Canal was finished in December; and Berlin, which had already spent \$8,000,000 on a harbor in the eastern part of the city, has, since the war began, started and almost completed a harbor on its western borders, at a cost of more than \$9,000,000. And yet there are people in the United States who gravely tell us that all work upon waterways must be suspended in order that we may have money to make a needed increase in our Army and Navy.

"The passage of time warns me that I must bring these remarks to a close. Improved waterways are of importance in connection with foreign trade, because they make possible the fullest development of natural resources; because they provide the cheapest form of transportation, both for the assemblage of raw materials and the shipment of finished products. I have given you an illustration of the tremendous difference in the cost of transportation by rail and by water, and it should be remembered, that, while money paid for a costly form of transportation, when a cheaper form is available or can be made available, undoubtedly benefits the transportation company to which it is paid, so far as the shipper is concerned it is just as much wasted as if it were burned up or thrown into the depths of the sea. On some of our largest rivers freight can be carried in fleets of barges at as low a cost as on the Great Lakes. It is interesting to note in passing that the greatest amount of cargo ever moved at one operation was not upon the Great Lakes, or even upon the high seas, but was on the Mississippi River, when the towboat *Sprague* brought 56,000 tons of coal to New Orleans at one time.

"While the possible saving on smaller waterways is not as great as on the Lakes or our largest rivers, it is still vast in the



aggregate. To my mind the greatest economic waste in our country to-day, and one of the greatest handicaps in the extension of our foreign trade, arises from the fact that we have failed to follow the example of Germany and develop and use our waterways. There is very little, if any, sentiment in trade; the buyer in South America, in China, or anywhere else, will always take the goods which are cheaper in price while equal in quality, and it matters little or nothing at all to him in what country they were made.

"Sometimes figures are published to show how small a percentage of the selling price is due to transportation, but such figures as I have seen count only the freight on the finished product. This is a superficial view and leads to a false conclusion, for crude materials often go through many processes in different parts of the country. The finished product goes from factory to wholesaler, from wholesaler to jobber, and from jobber to retailer, before it reaches the consumer, and every time it moves from place to place it must bear a transportation cost. Besides, transportation affects the cost of the home in which the workman lives, of the food which he eats, and of the clothes which he wears, and what it costs the workman to live affects the wage which the manufacturer must pay, so the price of the finished product, when it reaches the consumer's hands, has been increased not merely once but possibly a score of times by the cost of transportation. It is evident, therefore, that the nation which has the lowest transportation cost has a tremendous advantage in the competition for foreign trade.

"As was well said by Mr. Vanderlip last evening, this body of men and the business men of the country whom you represent can control public opinion, and every consideration, from the loftiest patriotism to enlightened self-interest, demands that the business men of the United States should put their feet down hard on the senseless and slanderous charge of 'pork barrel' and see to it that the Government of the United States immediately begins and continuously prosecutes the work of improving our rivers and harbors until we have a great, connected national system of waterways working in complete harmony and cooperation with our splendid system of railways and the magnificent system of highways which is already begun.

"Much is said in these days concerning national preparedness, and improved waterways promote national preparedness either for peace or war, for sustained military efficiency and continued commercial supremacy are both founded upon industrial development: industrial development depends upon cheap transportation, and the cheapest of all transportation is water transportation."

I thank the Senators for their patience and the attention which they have given me.

Mr. OWEN. Mr. President, I am in sympathy with the Senator from Louisiana in having published these interesting remarks, but I want to direct the attention of the Senate to the fact that the rules of the Senate of the United States are ridiculous.

The VICE PRESIDENT. Shall the bill pass?  
The bill was passed.

#### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. OWEN:

A bill (S. 3932) to provide for a determination of heirship in cases of deceased members of the Cherokee, Choctaw, Chickasaw, Creek, and Seminole Tribes of Indians in Oklahoma, and conferring authority on the courts of said States in reference thereto, and for other purposes; to the Committee on Indian Affairs.

By Mr. SUTHERLAND:

A bill (S. 3933) granting an increase of pension to Oakley Randall; and

A bill (S. 3934) granting an increase of pension to J. Forsyth Harrison; to the Committee on Pensions.

#### HOUSE JOINT RESOLUTION REFERRED.

H. J. Res. 70. Joint resolution authorizing the erection on the public grounds in the city of Washington, D. C., of a statue of James Buchanan, a former President of the United States, was read twice by its title and referred to the Committee on the Library.

#### WAR EXCESS-PROFITS TAX REGULATIONS.

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the House of Representatives, which was referred to the Committee on Printing:

House concurrent resolution 33.

*Resolved by the House of Representatives (the Senate concurring), That there shall be printed 350,000 copies of the war excess-profits tax regulations No. 41, 100,000 copies for the use of the Senate and 250,000 copies for the use of the House of Representatives, the same to be distributed through the folding rooms.*

#### INCOME-TAX REGULATIONS.

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the House of Representatives, which was referred to the Committee on Printing:

House concurrent resolution 37.

*Resolved by the House of Representatives (the Senate concurring), That there shall be printed 350,000 copies of the income-tax regulations No. 33, revised, 100,000 copies for the use of the Senate and 250,000 copies for the use of the House of Representatives, the same to be distributed through the folding rooms.*

#### ADJOURNMENT UNTIL MONDAY.

Mr. MARTIN. I move that the Senate adjourn until 12 o'clock meridian on Monday next.

The motion was agreed to; and (at 6 o'clock and 10 minutes p. m., Friday, February 22, 1918) the Senate adjourned until Monday, February 25, 1918, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES.

FRIDAY, February 22, 1918.

The House met at 11 o'clock.

The Rev. Charles Wood, of Washington, D. C., offered the following prayer:

Let us pray. O Thou God of the loving heart and the open hand, Thou who art a living love that dost will the blessedness of others, we thank Thee to-day for Thy boundless benefactions to us as a people. Thou who hast led through countless centuries the stars and the suns across the boundless reaches of space, Thou didst graciously lead our fathers to this land. Thou didst protect and preserve them, and Thou hast guided us through all the vicissitudes of the centuries. God of our fathers, we pray that Thou wilt be our God. May we serve Thee and Thee only. Wilt Thou direct and control the deliberations of these Thy servants this day that their decisions may be not only for the welfare of this land of ours that we love, but of the whole world. Wilt Thou work so vitally through us as a people that there may come to the world now being wrecked by war a permanent peace. May the gates of cruelty be overthrown and may injustice and inhumanity be trampled under the indignant feet of men. And grant, we beseech Thee, that to-day, this anniversary day, as we look backward across the decades that have passed we may behold growing ever and ever more majestic the figure of our first President, and as millions will remember his life and services to-day may the prayer rise from their hearts that the same principles by which his life was swayed, the same purposes which he sought so determinedly, may become the principles and the purposes of all our citizens. We pray that Thou wilt bless our President and grant that whole-hearted and nonpartisan support may be given to him in these distressing days. And bless the officers and men of our Army and of our Navy, and grant that all who battle and all who serve here at home may know that in Thine own good time, speedily to please Thee, there shall come a victory in which the whole world shall rejoice. And to Thy name shall be the praise. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### WASHINGTON'S FAREWELL ADDRESS.

Mr. GARRETT of Tennessee. Mr. Speaker, I believe there is a special order for to-day.

The SPEAKER. Yes; 30 minutes are to be granted to the gentleman from Ohio [Mr. Fess].

Mr. GARRETT of Tennessee. If it is agreeable to the gentleman to yield for a moment for me to make a unanimous-consent request before he begins, I desire to say it has been the custom for many years to have read upon this day from the Clerk's desk the Farewell Address of the first President of the United States, and I desire to ask unanimous consent, not to interfere with the existing order, that the gentleman from Louisiana be recognized to read Washington's Farewell Address.

The SPEAKER. Which gentleman from Louisiana?

Mr. GARRETT of Tennessee. Dr. ASWELL.

The SPEAKER. The gentleman from Tennessee asks unanimous consent, as preparatory to the address by the gentleman from Ohio [Mr. Fess], that the gentleman from Louisiana [Mr. ASWELL] read Washington's Farewell Address. Is there objection? [After a pause.] The Chair hears none.

#### HOUSE OF MEETING ON MONDAY.

Mr. JOHNSON of Kentucky. Mr. Speaker, before that is done I wish to ask unanimous consent that the House meet next Monday at 11.30, for the reason that the gentleman from Illinois [Mr. RAINEY] has secured unanimous consent to address the House for 30 minutes upon that day.

The SPEAKER. The gentleman from Kentucky asks unanimous consent that on next Monday the House meet at 11.30.

Mr. ESCH. I think that request was subject to the possibility that the railroad bill might still be under consideration and run into Monday.

The SPEAKER. The Chair will ask the gentleman if he does not think the prospects are good for the railroad bill to run into Monday?

Mr. ESCH. I think they are very good.

Mr. SIMS. Mr. Speaker, perhaps some others of us may have a different view, and I now desire to say that I am going to ask the Committee of the Whole House on the state of the Union to remain in session until the bill has been disposed of in the Committee of the Whole House on the state of the Union, and ask that the previous question be ordered on the committee's report, and then it can go over until Monday for a vote.

Mr. GILLET. The gentleman does not mean that he is not going to allow the amendments Members may desire to offer to be offered?

Mr. SIMS. Certainly not; but I want the Committee of the Whole House on the state of the Union to remain in session until it disposes of all amendments.

Mr. GILLET. There may not be time.

Mr. LENROOT. There will be 72 hours straight work if the gentleman undertakes that.

Mr. SIMS. That indicates the gentleman has a very long list of amendments.

Mr. LENROOT. Certainly we have.

The SPEAKER. Is the gentleman from Tennessee making a request or a speech?

Mr. SIMS. I am giving notice.

Mr. GILLET. Mr. Speaker, temporarily I shall object.

The SPEAKER. To the meeting at 11.30 on Monday?

Mr. GILLET. Yes, sir.

#### LEAVE OF ABSENCE.

The SPEAKER laid before the House the following personal request.

The Clerk read as follows:

Hon. CHAMP CLARK,  
*Speaker of the House, Washington, D. C.*

HONORABLE SIR: Mr. LOUIS W. FAIRFIELD, of Indiana, begs to be excused Friday and Saturday, February 22 and 23.

Respectfully,

LOUIS W. FAIRFIELD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### RATIFICATION OF CONSTITUTIONAL AMENDMENT WITH REFERENCE TO INTOXICATING LIQUORS.

The SPEAKER. The Chair lays before the House a communication from the governor of the State of South Carolina.

The Clerk read as follows:

FEBRUARY 19, 1918.

MY DEAR MR. CLARK: In accordance with the provisions of the joint resolution ratified by the South Carolina Legislature, I have the honor to transmit herewith a true copy of the said preamble and resolution. The title of the resolution is as follows:

"A joint resolution ratifying a proposed amendment to the Constitution of the United States of America prohibiting the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territory subject to the jurisdiction thereof, for beverage purposes, and to provide means for the enforcement thereof."

With high esteem and personal regards, I am

Cordially, yours,

RICHARD L. MANNING, Governor.

#### WASHINGTON'S FAREWELL ADDRESS.

The SPEAKER. The gentleman from Louisiana [Mr. ASWELL] will read Washington's Farewell Address.

Mr. ASWELL read the address, as follows:

*To the people of the United States:*

FRIENDS AND FELLOW CITIZENS: The period for a new election of a citizen to administer the executive government of the United States being not far distant, and the time actually arrived when your thoughts must be employed in designating the person who is to be clothed with that important trust, it appears to me proper, especially as it may conduce to a more distinct expression of the public voice, that I should now apprise you of the resolution I have formed, to decline being considered among the number of those out of whom a choice is to be made.

I beg you at the same time to do me the justice to be assured that this resolution has not been taken without a strict regard to all the considerations appertaining to the relation which binds a dutiful citizen to his country; and that in withdrawing the tender of service, which silence in my situation might imply, I am influenced by no diminution of zeal for your future interest, no deficiency of grateful respect for your past kindness, but am supported by a full conviction that the step is compatible with both.

The acceptance of and continuance hitherto in the office to which your suffrages have twice called me have been a uniform sacrifice of inclination to the opinion of duty and to a deference for what appeared to be your desire. I constantly hoped that it would have been much earlier in my power, consistently with motives which I was not at liberty to disregard, to return to that retirement from which I had been reluctantly drawn. The strength of my inclination to do this previous to the last election had even led to the preparation of an address to declare it to you, but mature reflection on the then perplexed and critical posture of our affairs with foreign nations and the unanimous advice of persons entitled to my confidence impelled me to abandon the idea. I rejoice that the state of your concerns, external as well as internal, no longer renders the pursuit of inclination incompatible with the sentiment of duty or propriety; and am persuaded, whatever partiality may be retained for my services, that in the present circumstances of our country you will not disapprove my determination to retire.

The impressions with which I first undertook the arduous trust were explained on the proper occasion. In the discharge of this trust, I will only say that I have, with good intentions, contributed toward the organization and administration of the Government the best exertions of which a very fallible judgment was capable. Not unconscious in the outset of the inferiority of my qualifications, experience, in my own eyes, perhaps still more in the eyes of others, has strengthened the motives to diffidence of myself; and every day the increasing weight of years admonishes me more and more that the shade of retirement is as necessary to me as it will be welcome. Satisfied that if any circumstances have given peculiar value to my services they were temporary, I have the consolation to believe that while choice and prudence invite me to quit the political scene patriotism does not forbid it.

In looking forward to the moment which is to terminate the career of my political life, my feelings do not permit me to suspend the deep acknowledgment of that debt of gratitude which I owe to my beloved country for the many honors it has conferred upon me; still more for the steadfast confidence with which it has supported me; and for the opportunities I have thence enjoyed of manifesting my inviolable attachment, by services faithful and persevering, though in usefulness unequal to my zeal. If benefits have resulted to our country from these services, let it always be remembered to your praise and as an instructive example in our annals that under circumstances in which the passions, agitated in every direction, were liable to mislead amidst appearances sometimes dubious, vicissitudes of fortune often discouraging—in situations in which not unfrequently want of success has countenanced the spirit of criticism—the constancy of your support was the essential prop of the efforts and a guarantee of the plans by which they were effected. Profoundly penetrated with this idea, I shall carry it with me to my grave as a strong incitement to unceasing vows that Heaven may continue to you the choicest tokens of its beneficence; that your union and brotherly affection may be perpetual; that the free Constitution, which is the work of your hands, may be sacredly maintained; that its administration in every department may be stamped with wisdom and virtue; that, in fine, the happiness of the people of these States under the auspices of liberty may be made complete by so careful a preservation and so prudent a use of this blessing, as will acquire to them the glory of recommending it to the applause, the affection, and adoption of every nation which is yet a stranger to it.

Here, perhaps, I ought to stop. But a solicitude for your welfare, which can not end but with my life, and the apprehension of danger, natural to that solicitude, urge me, on an occasion like the present, to offer to your solemn contemplation, and to recommend to your frequent review, some sentiments which are the result of much reflection, of no inconsiderable observation, and which appear to me all important to the permanency of your felicity as a people. These will be offered to you with the more freedom, as you can only see in them the disinterested warnings of a parting friend, who can possibly have no personal motive to bias his counsel. Nor can I forget, as an encouragement to it, your indulgent reception of my sentiments on a former and not dissimilar occasion.

Interwoven as is the love of liberty with every ligament of your hearts, no recommendation of mine is necessary to fortify or confirm the attachment.

The unity of government which constitutes you one people, is also now dear to you. It is justly so; for it is a main pillar in the edifice of your real independence; the support of your tranquillity at home; your peace abroad; of your safety; of your prosperity; of that very liberty which you so highly prize. But, as it is easy to foresee that, from different causes and from different quarters much pains will be taken, many arti-



fices employed, to weaken in your minds the conviction of this truth; as this is the point in your political fortress against which the batteries of internal and external enemies will be most constantly and actively (though often covertly and insidiously) directed; it is of infinite moment that you should properly estimate the immense value of your national union to your collective and individual happiness; that you should cherish a cordial, habitual, and immovable attachment to it; accustoming yourselves to think and speak of it as of the palladium of your political safety and prosperity; watching for its preservation with jealous anxiety; discountenancing whatever may suggest even a suspicion that it can, in any event, be abandoned; and indignantly frowning upon the first dawning of every attempt to alienate any portion of our country from the rest, or to enfeeble the sacred ties which now link together the various parts.

For this you have every inducement of sympathy and interest. Citizens by birth, or choice, of a common country, that country has a right to concentrate your affections. The name of American, which belongs to you in your national capacity, must always exalt the just pride of patriotism, more than any appellation derived from local discriminations. With slight shades of difference, you have the same religion, manners, habits, and political principles. You have, in a common cause, fought and triumphed together; the independence and liberty you possess are the work of joint counsels, and joint efforts, of common dangers, sufferings, and successes.

But these considerations, however powerfully they address themselves to your sensibility, are greatly outweighed by those which apply more immediately to your interest. Here, every portion of our country finds the most commanding motives for carefully guarding and preserving the Union of the whole.

The North, in an unrestrained intercourse with the South, protected by the equal laws of a common Government, finds in the productions of the latter, great additional resources of maritime and commercial enterprise, and precious materials of manufacturing industry. The South, in the same intercourse, benefiting by the same agency of the North, sees its agriculture grow and its commerce expand. Turning partly into its own channels the seamen of the North, it finds its particular navigation invigorated; and while it contributes, in different ways, to nourish and increase the general mass of the national navigation, it looks forward to the protection of a maritime strength, to which itself is unequally adapted. The East, in a like intercourse with the West, already finds, and in the progressive improvement of interior communications by land and water, will more and more find a valuable vent for the commodities which it brings from abroad, or manufactures at home. The West derives from the East supplies requisite to its growth and comfort—and what is perhaps of still greater consequence, it must of necessity owe the secure enjoyment of indispensable outlets for its own productions, to the weight, influence, and the future maritime strength of the Atlantic side of the Union, directed by an indissoluble community of interest as one Nation. Any other tenure by which the West can hold this essential advantage, whether derived from its own separate strength, or from an apostate and unnatural connection with any foreign power, must be intrinsically precarious.

While, then, every part of our country thus feels an immediate and particular interest in union, all the parts combined can not fail to find in the united mass of means and efforts, greater strength, greater resource, proportionably greater security from external danger, a less frequent interruption of their peace by foreign nations; and, what is of inestimable value, they must derive from union, an exemption from those broils and wars between themselves, which so frequently afflict neighboring countries not tied together by the same government; which their own rivalry alone would be sufficient to produce, but which opposite foreign alliances, attachments, and intrigues, would stimulate and embitter. Hence likewise, they will avoid the necessity of those overgrown military establishments, which under any form of government are inauspicious to liberty, and which are to be regarded as particularly hostile to republican liberty. In this sense it is that your union ought to be considered as a main prop of your liberty, and that the love of the one ought to endear to you the preservation of the other.

These considerations speak a persuasive language to every reflecting and virtuous mind, and exhibit the continuance of the Union as a primary object of patriotic desire. Is there a doubt whether a common government can embrace so large a sphere? Let experience solve it. To listen to mere speculation in such a case were criminal. We are authorized to hope that a proper organization of the whole, with the

auxiliary agency of governments for the respective subdivisions, will afford a happy issue to the experiment. It is well worth a fair and full experiment. With such powerful and obvious motives to union, affecting all parts of our country, while experience shall not have demonstrated its impracticability, there will always be reason to distrust the patriotism of those who, in any quarter, may endeavor to weaken its bands.

In contemplating the causes which may disturb our Union, it occurs as matter of serious concern that any ground should have been furnished for characterizing parties by geographical discriminations—northern and southern—Atlantic and western; whence designing men may endeavor to excite a belief that there is a real difference of local interests and views. One of the expedients of party to acquire influence within particular districts is to misrepresent the opinions and aims of other districts. You can not shield yourselves too much against the jealousies and heartburnings which spring from these misrepresentations; they tend to render alien to each other those who ought to be bound together by fraternal affection. The inhabitants of our western country have lately had a useful lesson on this head; they have seen, in the negotiation by the Executive and in the unanimous ratification by the Senate of the treaty with Spain, and in the universal satisfaction at the event throughout the United States, a decisive proof how unfounded were the suspicions propagated among them of a policy in the General Government and in the Atlantic States, unfriendly to their interests in regard to the Mississippi. They have been witnesses to the formation of two treaties, that with Great Britain and that with Spain, which secure to them everything they could desire, in respect to our foreign relations, toward confirming their prosperity. Will it not be their wisdom to rely for the preservation of these advantages on the union by which they were procured? Will they not henceforth be deaf to those advisers, if such they are, who would sever them from their brethren and connect them with aliens?

To the efficacy and permanency of your Union, a government for the whole is indispensable. No alliances, however strict, between the parts can be an adequate substitute; they must inevitably experience the infractions and interruptions which all alliances, in all times, have experienced. Sensible of this momentous truth, you have improved upon your first essay, by the adoption of a constitution of government, better calculated than your former, for an intimate union, and for the efficacious management of your common concerns. This Government, the offspring of our own choice, uninfluenced and unawed, adopted upon full investigation and mature deliberation, completely free in its principles, in the distribution of its powers, uniting security with energy, and containing within itself a provision for its own amendment, has a just claim to your confidence and your support. Respect for its authority, compliance with its laws, acquiescence in its measures, are duties enjoined by the fundamental maxims of true liberty. The basis of our political systems is the right of the people to make and to alter their constitutions of government. But the constitution which at any time exists, until changed by an explicit and authentic act of the whole people, is sacredly obligatory upon all. The very idea of the power and the right of the people to establish government presupposes the duty of every individual to obey the established government.

All obstructions to the execution of the laws, all combinations and associations under whatever plausible character, with the real design to direct, control, counteract, or awe the regular deliberations and actions of the constituted authorities, are destructive of this fundamental principle, and of fatal tendency. They serve to organize faction, to give it an artificial and extraordinary force, to put in the place of the delegated will of the Nation the will of party, often a small but artful and enterprising minority of the community; and, according to the alternate triumphs of different parties, to make the public administration the mirror of the ill-concerted and incongruous projects of faction, rather than the organ of consistent and wholesome plans digested by common councils, and modified by mutual interests.

However combinations or associations of the above description may now and then answer popular ends, they are likely, in the course of time and things, to become potent engines, by which cunning, ambitious, and unprincipled men will be enabled to subvert the power of the people, and to usurp for themselves the reins of government; destroying afterwards the very engines which have lifted them to unjust dominion.

Toward the preservation of your Government and the permanency of your present happy state, it is requisite, not only that you steadily discountenance irregular opposition to its acknowledged authority, but also that you resist with care the spirit of innovation upon its principles, however specious the



pretext. One method of assault may be to effect, in the forms of the Constitution, alterations which will impair the energy of the system; and thus to undermine what can not be directly overthrown. In all the changes to which you may be invited, remember that time and habit are at least as necessary to fix the true character of governments, as of other human institutions; that experience is the surest standard by which to test the real tendency of the existing constitution of a country; that facility in changes, upon the credit of mere hypothesis and opinion, exposes to perpetual change from the endless variety of hypothesis and opinion; and remember, especially, that for the efficient management of your common interests in a country so extensive as ours, a government of as much vigor as is consistent with the perfect security of liberty is indispensable. Liberty itself will find in such a government, with powers properly distributed and adjusted, its surest guardian. It is, indeed, little else than a name, where the government is too feeble to withstand the enterprises of faction, to confine each member of the society within the limits prescribed by the laws, and to maintain all in the secure and tranquil enjoyment of the rights of person and property.

I have already intimated to you the danger of parties in the state, with particular references to the founding them on geographical discrimination. Let me now take a more comprehensive view, and warn you in the most solemn manner against the baneful effects of the spirit of party generally.

This spirit, unfortunately, is inseparable from our nature, having its root in the strongest passions of the human mind. It exists under different shapes in all governments, more or less stifled, controlled, or repressed; but in those of the popular form it is seen in its greatest rankness, and is truly their worst enemy.

The alternate domination of one faction over another, sharpened by the spirit of revenge natural to party dissension, which in different ages and countries has perpetrated the most horrid enormities, is itself a frightful despotism. But this leads at length to a more formal and permanent despotism. The disorders and miseries which result gradually incline the minds of men to seek security and repose in the absolute power of an individual; and, sooner or later, the chief of some prevailing faction, more able or more fortunate than his competitors, turns this disposition to the purpose of his own elevation on the ruins of public liberty.

Without looking forward to an extremity of this kind—which nevertheless ought not to be entirely out of sight—the common and continual mischiefs of the spirit of party are sufficient to make it the interest and duty of a wise people to discourage and restrain it.

It serves always to distract the public councils and enfeeble the public administration. It agitates the community with ill-founded jealousies and false alarms, kindles the animosity of one part against another, foment occasional riot and insurrection. It opens the door to foreign influence and corruption, which finds a facilitated access to the Government itself through the channels of party passions. Thus the policy and the will of one country are subjected to the policy and will of another.

There is an opinion that parties in free countries are useful checks upon the administration of the government and serve to keep alive the spirit of liberty. This within certain limits is probably true; and in governments of a monarchical cast patriotism may look with indulgence, if not with favor, upon the spirit of party. But in those of the popular character, in governments purely elective, it is a spirit not to be encouraged. From their natural tendency, it is certain there will always be enough of that spirit for every salutary purpose. And there being constant danger of excess, the effort ought to be, by force of public opinion, to mitigate and assuage it. A fire not to be quenched, it demands a uniform vigilance to prevent it bursting into a flame, lest instead of warming, it should consume.

It is important, likewise, that the habits of thinking in a free country should inspire caution in those intrusted with its administration, to confine themselves within their respective constitutional spheres, avoiding in the exercise of the powers of one department to encroach upon another. The spirit of encroachment tends to consolidate the powers of all the departments in one, and thus to create, whatever the form of government, a real despotism. A just estimate of that love of power and proneness to abuse it which predominate in the human heart is sufficient to satisfy us of the truth of this position. The necessity of reciprocal checks in the exercise of political power, by dividing and distributing it into different depositories and constituting each the guardian of the public weal against invasions of the others, has been evinced by experiments ancient and modern; some of them in our country

and under our own eyes. To preserve them must be as necessary as to institute them. If, in the opinion of the people, the distribution or modification of the constitutional powers be in any particular wrong, let it be corrected by an amendment in the way which the Constitution designates, but let there be no change by usurpation, for though this in one instance may be the instrument of good, it is the customary weapon by which free governments are destroyed. The precedent must always greatly overbalance in permanent evil any partial or transient benefit which the use can at any time yield.

Of all the dispositions and habits which lead to political prosperity, religion and morality are indispensable supports. In vain would that man claim the tribute of patriotism who should labor to subvert these great pillars of human happiness, these firmest props of the duties of men and citizens. The mere politician, equally with the pious man, ought to respect and to cherish them. A volume could not trace all their connections with private and public felicity. Let it simply be asked, Where is the security for property, for reputation, for life, if the sense of religious obligation desert the oaths which are the instruments of investigation in courts of justice? And let us with caution indulge the supposition that morality can be maintained without religion. Whatever may be conceded to the influence of refined education on minds of peculiar structure, reason and experience both forbid us to expect that national morality can prevail in exclusion of religious principles.

It is substantially true that virtue or morality is a necessary spring of popular government. The rule, indeed, extends with more or less force to every species of free government. Who that is a sincere friend to it can look with indifference upon attempts to shake the foundation of the fabric? Promote, then, as an object of primary importance, institutions for the general diffusion of knowledge. In proportion as the structure of a government gives force to public opinion, it should be enlightened.

As a very important source of strength and security, cherish public credit. One method of preserving it is to use it as sparingly as possible, avoiding occasions of expense by cultivating peace, but remembering also that timely disbursements, to prepare for danger, frequently prevent much greater disbursements to repel it; avoiding likewise the accumulation of debt, not only by shunning occasions of expense, but by vigorous exertions in time of peace to discharge the debts which unavoidable wars may have occasioned, not ungenerously throwing upon posterity the burden which we ourselves ought to bear. The execution of these maxims belongs to your representatives, but it is necessary that public opinion should cooperate. To facilitate to them the performance of their duty, it is essential that you should practically bear in mind that toward the payment of debts there must be revenue; that to have revenue there must be taxes; that no taxes can be devised which are not more or less inconvenient and unpleasant; that the intrinsic embarrassment inseparable from the selection of the proper object—which is always a choice of difficulties—ought to be a decisive motive for a candid construction of the conduct of the government in making it, and for a spirit of acquiescence in the measures for obtaining revenue which the public exigencies may at any time dictate.

Observe good faith and justice toward all nations; cultivate peace and harmony with all. Religion and morality enjoin this conduct, and can it be that good policy does not equally enjoin it? It will be worthy of a free, enlightened, and, at no distant period, a great nation, to give to mankind the magnanimous and too novel example of a people always guided by an exalted justice and benevolence. Who can doubt but, in the course of time and things, the fruits of such a plan would richly repay any temporary advantages which might be lost by a steady adherence to it; can it be that Providence has not connected the permanent felicity of a nation with its virtue? The experiment, at least, is recommended by every sentiment which ennobles human nature. Alas! is it rendered impossible by its vices?

In the execution of such a plan nothing is more essential than that permanent, inveterate antipathies against particular nations and passionate attachments for others should be excluded; and that, in place of them, just and amicable feelings toward all should be cultivated. The nation which indulges toward another an habitual hatred or an habitual fondness is in some degree a slave. It is a slave to its animosity or to its affection, either of which is sufficient to lead it astray from its duty and its interest. Antipathy in one nation against another disposes each more readily to offer insult and injury, to lay hold of slight causes of umbrage, and to be haughty and intractable when accidental or trifling occasions of dispute occur.

Hence, frequent collisions, obstinate, envenomed, and bloody contests. The nation, prompted by ill will and resentment,



sometimes impels to war the government, contrary to the best calculations of policy. The government sometimes participates in the national propensity, and adopts through passion what reason would reject; at other times it makes the animosity of the nation subservient to projects of hostility, instigated by pride, ambition, and other sinister and pernicious motives. The peace often, sometimes perhaps the liberty, of nations has been the victim.

So likewise, a passionate attachment of one nation for another produces a variety of evils. Sympathy for the favorite nation, facilitating the illusion of an imaginary common interest, in cases where no real common interest exists, and infusing into one the enmities of the other, betrays the former into a participation in the quarrels and wars of the latter, without adequate inducements or justifications. It leads also to concessions, to the favorite nation, of privileges denied to others, which is apt doubly to injure the nation making the concessions, by unnecessarily parting with what ought to have been retained, and by exciting jealousy, ill will, and a disposition to retaliate in the parties from whom equal privileges are withheld; and it gives to ambitious, corrupted, or deluded citizens who devote themselves to the favorite nation, facility to betray or sacrifice the interests of their own country, without odium, sometimes even with popularity; gilding with the appearances of a virtuous sense of obligation, a commendable deference for public opinion, or a laudable zeal for public good the base or foolish compliances of ambition, corruption, or infatuation.

As avenues to foreign influence in innumerable ways, such attachments are particularly alarming to the truly enlightened and independent patriot. How many opportunities do they afford to tamper with domestic factions, to practice the arts of seduction, to mislead public opinion, to influence or awe the public councils! Such an attachment of a small or weak toward a great and powerful nation dooms the former to be the satellite of the latter.

Against the insidious wiles of foreign influence (I conjure you to believe me fellow citizens), the jealousy of a free people ought to be constantly awake; since history and experience prove that foreign influence is one of the most baneful foes of republican government. But that jealousy, to be useful, must be impartial, else it becomes the instrument of the very influence to be avoided, instead of a defense against it. Excessive partiality for one foreign nation and excessive dislike for another cause those whom they actuate to see danger only on one side and serve to veil and even second the arts of influence on the other. Real patriots who may resist the intrigues of the favorite are liable to become suspected and odious, while its tools and dupes usurp the applause and confidence of the people to surrender their interests.

The great rule of conduct for us, in regard to foreign nations, is, in extending our commercial relations, to have with them as little political connection as possible. So far as we have already formed engagements let them be fulfilled with perfect good faith. Here let us stop.

Europe has a set of primary interests which to us have none or a very remote relation. Hence, she must be engaged in frequent controversies, the causes of which are essentially foreign to our concerns. Hence, therefore, it must be unwise in us to implicate ourselves, by artificial ties, in the ordinary vicissitudes of her politics or the ordinary combinations and collisions of her friendships or enmities.

Our detached and distant situation invites and enables us to pursue a different course. If we remain one people, under an efficient government, the period is not far off when we may defy material injury from external annoyance; when we may take such an attitude as will cause the neutrality we may at any time resolve upon to be scrupulously respected; when belligerent nations, under the impossibility of making acquisitions upon us, will not lightly hazard the giving us provocation; when we may choose peace or war, as our interest, guided by justice, shall counsel.

Why forego the advantages of so peculiar a situation? Why quit our own to stand upon foreign ground? Why, by interweaving our destiny with that of any part of Europe, entangle our peace and prosperity in the toils of European ambition, rivalry, interest, humor, or caprice?

It is our true policy to steer clear of permanent alliance with any portion of the foreign world; so far, I mean, as we are now at liberty to do it; for let me not be understood as capable of patronizing infidelity to existing engagements. I hold the maxim not less applicable to public than private affairs, that honesty is always the best policy. I repeat it, therefore, let those engagements be observed in their genuine sense. But, in my opinion, it is unnecessary and would be unwise to extend them.

Taking care always to keep ourselves by suitable establishments on a respectable defensive posture we may safely trust to temporary alliances for extraordinary emergencies.

Harmony and a liberal intercourse with all nations are recommended by policy, humanity, and interest. But even our commercial policy should hold an equal and impartial hand, neither seeking nor granting exclusive favors or preferences; consulting the natural course of things, diffusing and diversifying by gentle means the streams of commerce, but forcing nothing; establishing with powers so disposed, in order to give trade a stable course, to define the rights of our merchants, and to enable the Government to support them, conventional rules of intercourse, the best that present circumstances and mutual opinion will permit, but temporary and liable to be from time to time abandoned or varied as experience and circumstances shall dictate; constantly keeping in view that it is folly in one nation to look for disinterested favors from another; that it must pay with a portion of its independence for whatever it may accept under that character; that by such acceptance it may place itself in the condition of having given equivalents for nominal favors, and yet of being reproached with ingratitude for not giving more. There can be no greater error than to expect or calculate upon real favors from nation to nation. It is an illusion which experience must cure, which a just pride ought to discard.

In offering to you, my countrymen, these counsels of an old and affectionate friend, I dare not hope they will make the strong and lasting impression I could wish; that they will control the usual current of the passions, or prevent our Nation from running the course which has hitherto marked the destiny of nations; but if I may even flatter myself that they may be productive of some partial benefit, some occasional good; that they may now and then recur to moderate the fury of party spirit, to warn against the mischiefs of foreign intrigue, to guard against the impostures of pretended patriotism, this hope will be a full recompense for the solicitude for your welfare by which they have been dictated.

How far, in the discharge of my official duties, I have been guided by the principles which have been delineated, the public records and other evidences of my conduct must witness to you and to the world. To myself, the assurance of my own conscience is that I have, at least, believed myself to be guided by them.

In relation to the still subsisting war in Europe, my proclamation of the 22d of April, 1793, is the index to my plan. Sanctioned by your approving voice, and by that of your representatives in both Houses of Congress, the spirit of that measure has continually governed me, uninfluenced by any attempts to deter or divert me from it.

After deliberate examination, with the aid of the best lights I could obtain, I was well satisfied that our country, under all the circumstances of the case, had a right to take and was bound, in duty and interest, to take a neutral position. Having taken it, I determined, as far as should depend upon me, to maintain it with moderation, perseverance, and firmness.

The considerations which respect the right to hold this conduct it is not necessary on this occasion to detail. I will only observe that, according to my understanding of the matter, that right, so far from being denied by any of the belligerent powers, has been virtually admitted by all.

The duty of holding a neutral conduct may be inferred, without anything more, from the obligation which justice and humanity impose on every nation, in cases in which it is free to act, to maintain inviolate the relations of peace and amity toward other nations.

The inducements of interest for observing that conduct will best be referred to your own reflections and experience. With me, a predominant motive has been to endeavor to gain time to our country to settle and mature its yet recent institutions, and to progress, without interruption, to that degree of strength and consistency which is necessary to give it, humanly speaking, the command of its own fortunes.

Though in reviewing the incidents of my administration I am unconscious of intentional error, I am nevertheless too sensible of my defects not to think it probable that I may have committed many errors. Whatever they may be, I fervently beseech the Almighty to avert or mitigate the evils to which they may tend. I shall also carry with me the hope that my country will never cease to view them with indulgence; and that, after forty-five years of my life dedicated to its service, with an upright zeal, the faults of incompetent abilities will be consigned to oblivion, as myself must soon be to the mansions of rest.

Relying on its kindness in this as in other things, and actuated by that fervent love toward it which is so natural to a man who views in it the native soil of himself and his pro-



genitors for several generations, I anticipate with pleasing expectation that retreat in which I promise myself to realize, without alloy, the sweet enjoyment of partaking in the midst of my fellow citizens the benign influence of good laws under a free government—the ever favorite object of my heart, and the happy reward, as I trust, of our mutual cares, labors, and dangers.

GO: WASHINGTON.

UNITED STATES, 17th September, 1796.

[Applause.]

Mr. WALSH. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman rise?

Mr. WALSH. To make the point of order that there is no quorum present.

The SPEAKER. The Chair will count.

Mr. WALSH. Mr. Speaker, I will withdraw the point.

#### OMNIBUS PENSION BILL.

Mr. SHERWOOD. Mr. Speaker, I ask unanimous consent that the omnibus pension bill, H. R. 10027, follow immediately the conclusion of the consideration of the present railroad bill now under consideration.

The SPEAKER. The gentleman from Ohio asks unanimous consent that the pension bill follow immediately after the passage of the pending bill, if it ever passes. [Laughter.] Is there objection?

Mr. JOHNSON of Kentucky. Mr. Speaker, what is the request?

The SPEAKER. That the omnibus pension bill follow immediately the passage of the pending bill.

Mr. JOHNSON of Kentucky. Will that interfere with District day on next Monday?

The SPEAKER. If it happens to come on next Monday, it would.

Mr. JOHNSON of Kentucky. I shall be compelled to object, Mr. Speaker. I do not object if it comes up now.

The SPEAKER. He is not asking for it to come up now. Is there objection?

Mr. JOHNSON of Kentucky. If the gentleman will make his request subject to noninterference with the District of Columbia day, I will not object. I understand, Mr. Speaker, that the gentleman qualifies his request to that extent.

Mr. SHERWOOD. I will do that.

The SPEAKER. The gentleman from Ohio [Mr. SHERWOOD] requests that the pension bill, H. R. 10027, follow immediately after the conclusion of the railroad bill, not to interfere, however, with the District of Columbia business.

The Chair would like to ask the gentleman from Kentucky [Mr. JOHNSON] a question. Is that the same bill they had up here the other day?

Mr. JOHNSON of Kentucky. It is.

The SPEAKER. Is there objection to the request of the gentleman from Ohio [Mr. SHERWOOD]?

Mr. LANGLEY. Mr. Speaker, I did not catch it.

The SPEAKER. The gentleman wants to consider this pension bill as soon as this other one is out of the way.

Mr. LANGLEY. That is all right. I have no objection.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

The gentleman from Ohio [Mr. FESS] is recognized for 30 minutes. [Applause.]

#### GEORGE WASHINGTON.

Mr. FESS. Mr. Speaker and Members of the House, in 1889, 100 years after the inauguration of Washington as our first President, a symposium of the leading thinkers of the world was published of the opinions concerning him.

Of the opinions that were offered I want to read three. The first is from Louis Philippe, Comte de Paris, giving the French opinion:

I admire him still more now since I have seen how republican institutions are understood and practiced in France.

I want to read a British opinion, from probably the greatest British mind of English history, W. E. Gladstone:

All I can say is that I look upon Washington among great and good men, as one peculiarly good and great, and that he has been to me for more than 40 years a light upon the path of life.

I want to read an opinion of the central powers, coming from the great fugitive, Louis Kossuth, who came to America in 1852 to find shelter from the persecution in Austria-Hungary. Writing from Turin, Italy, where at the age of 87 he was living in retirement, away from the country he loved, and referring to our Government which Washington inaugurated, he says:

That stupendous incarnation of pure democratic principle which has the providential mission to guide the future ages of mankind on the road of infinite progress.

These opinions are in keeping with that of the great English historian, Edward A. Freeman, who expressed his appreciation in this sentiment:

Washington, the expander of England.

It might seem presumptuous for a Member of this House in this year of 1918, so far removed from the days since he lived and labored, to undertake to throw a new light upon the life of this great man, but I would like to view him from at least a new angle and to have your attention to three episodes in his life from which we can study his influence in the shaping of modern government. His reputation is safe, and his place in history as a warrior is common knowledge; his rank as a citizen is as familiar as our own childhood, while his place as our first great citizen from every angle of estimate is assured. But I wish to see him now in his influence in shaping modern government as witnessed from three events in his life.

The first episode is when he saved the State of Franklin, that portion of western North Carolina now known as Tennessee, from taking the dangerous step of secession in 1784 by joining the foreign power of Spain, which then owned the Mississippi country, in order to get the free outlet of the Mississippi River; and thereby, through the influence of Washington, who prevented it, the dangerous experiment of secession was defeated even before the Nation was born.

The second episode is as the president of the Constitutional Convention, a group of men 56 in number, most of whom had served in the second Continental Congress, about which William Pitt, standing under the corridors of the House of Commons, declared that "for solidity of reasoning, wisdom of conclusion, and force of sagacity that body of men has never been excelled in the history of the world." Washington, as the presiding officer of that great body of men, exercised such supreme influence and thereby contributed to the history of modern government in the world, I think, its greatest contribution, in the form of our Federal Constitution.

The third episode in his life to which I will refer is when called by unanimous consent to inaugurate the fundamental principles as written, first, in the Declaration of Independence and, second, in the Constitution of the United States in practical government as he inaugurated them in 1789. Briefly, I must look at these episodes, in order to throw light upon Washington's far-reaching influence, and also to aid in interpreting the present time and, if possible, predicate the future, if we may.

In 1784 the people of western North Carolina, shut off from their kin on the Atlantic seaboard by the mountains, had no possible way to purchase the things they needed, that they could not produce, except to do it through the mouth of the Mississippi River. Spain held control of this outlet and laid a heavy tribute upon all who wanted to trade. The Government was appealed to for relief, and John Jay was sent to effect a treaty. The best he could do was to agree to a close of the mouth of the Mississippi for 25 years, after which it was to be opened to these people. The people of western North Carolina, resenting what appeared a total lack of regard for justice to them on the part of the Government, took steps for relief and erected a separate State, elected John Sevier as governor, proceeded to elect an independent legislature, and made overtures to Spain to join her. Here is the earliest step toward the dangerous experiment of secession employed later on in 1861, which precipitated the Civil War. Washington was the only figure that seemed to have comprehended the danger.

He saw the possibilities of the great Mississippi Valley if permitted to develop uninterruptedly and not be prevented by any portion joining a foreign power. He wrote a letter to Thomas Jefferson and another to Gov. Harrison, of Virginia, setting out the possibilities of uniting the interior of the country with the seaboard States, and to this end he recommended the appointment of a committee to report a mode of canal building, aided by a system of forage, to carry the goods from the headwaters of the Ohio to the headwaters of the Potomac, thereby making a trade route from the Atlantic, through the Potomac, via canal to the Ohio, thence Mississippi to Gulf. Quite naturally when he recommended this possibility, objections were offered as to finance and other items of expense. Washington replied with his wonderful comprehension of what the Mississippi Valley was yet to be. His recommendations in numerous letters are most illuminating on these possibilities. And I want to say to this Membership that I believe that Washington had a clear comprehension of this undeveloped empire in the Mississippi Valley, although it was but a wild waste of country and in certain parts a trackless wilderness. While it is true that a committee was appointed and a meeting was held at Mount Vernon, adjourned to Alexandria, to recommend the construction of this inland water route; while it is true that it did not re-



sult in actual construction, yet it removed the opposition of the people of western North Carolina, who later on rescinded their action, with the important result that instead of the State of Franklin leaving to join Spain we now have the splendid sovereign State of Tennessee. And a great contribution, one of the first and most important of the first President of the country, not recognized generally, at least in its bearing upon the future of the new Republic soon to be born, was the making it impossible to set the precedent for any portion of the United States breaking off, either to join its friendly neighbors or to cast its lot with a foreign country. That was in 1784, one year after the treaty which closed the Revolutionary War and three years before the Constitutional Convention.

In 1787 Washington, by unanimous consent, presided over the Constitutional Convention. As the responsible head of the Army, he was the closest observer of lack of power and suffered most from that lack. He saw great problems. The first and greatest problem was to cure the weakness of the old confederation, which afforded neither executive nor judicial power. This at once raised the question whether the Government was to be a Government of the people of the States, without regard to State lines, or a Government of the States. In other words, was it to be a National or a Federal Government? Everyone will recognize, who is at all familiar with the critical period of the United States, that the early contest had been in favor of the States, and the Articles of Confederation were a "mere league of friendship," a group of sovereign States, each State maintaining its sovereignty. Each State could also withdraw its representation, and thus defeat all legislation from want of a quorum, since they voted by States, three-fourths of which were necessary for all important measures.

Washington, as the leader of the Revolutionary War, had recognized the need of power beyond mere recommendation, and when he came to preside over this convention, and the struggle came on as to whether it was to be a government of the people or a government of the States as States, he was clear-headed as to the danger of the latter. And yet he was equally clear-headed as to the danger of the former if unrestricted. If the new proposal was to remain a league of friendship without coercive power to operate on the individual State the weakness so apparent would not be cured. In the midst of a bitter contest on a disputed point a member, it is said, entirely disgusted with the failure to reach a conclusion after a three weeks' debate, arose and made a motion that the convention adjourn. Washington, not having spoken up to this time, saw the danger. When the member—I think it was Mr. Dayton—made the statement, "We have been here now for three weeks behind closed doors, and the thing for us to do is to adjourn and go home," Gen. Washington arose, and tradition says that he made this speech, that ought to be written in letters of gold and posted on the doorposts of every lover of representative government:

It is too probable that no plan we here propose will be adopted. Perhaps another dreadful conflict is to be sustained. If to please the people we offer what we ourselves disapprove, how can we afterwards defend our work? Let us raise the standard so high that all the good can repair to it. This is not the work of man. The hand of God is in this thing.

He requested that the motion for adjournment be withdrawn, and it was withdrawn.

And I pause long enough to ask the question, What would have been the future of the American Government if George Washington's powerful and overpowering moral greatness had not been sufficient to have settled the difficulty and thus prevented the motion for adjournment being voted upon? It was vastly more serious than when after a similar conflict a compromise was reached through the suggestion and adoption of two Houses to satisfy both States and people, the former in the Senate and the latter in the House. Mr. Speaker, during the months from May 14 to September 17 that great figure presided with deliberation and power over the most discordant group of men representing the farthest extremes of political theory in the history of government. A less powerful personality could not have held in counsel such great lights, so variant in their dogmas and so persistent in their theories. When we undertake to estimate his power it is found not in the theories of Alexander Hamilton, one of the leading figures of his day and the closest adviser of Washington as well as a leader of the Constitutional Convention, then but 30 years of age, the most original thinker in the group; nor is it found in the theories of Thomas Jefferson, who, by the way, was not in the convention, but his representative, James Madison, was there. His greatness will be found not in the theories of these men, but in the power of the presiding officer big enough to see all sides of a question and powerful enough to hold and direct the tremendous forces still in deliberation until they, through a wise spirit of counsel, were able to work out a system of government which William E. Glad-

stone in 1878 pronounced the greatest instrument ever stricken off by the brain or purpose of man at any one time.

That instrument, fellow Members of this House, adopted in 1789, 130 years ago, by 3,000,000 people, has gone through the fires of civil war, as well as three foreign wars, and has come to the place where now 110,000,000 people have come to look upon it as the organic law, during which time the Nation has become the most powerful in wealth, twice over, of any country in the world.

And hear me: During all these years the instrument has not been organically changed but four times, which fact beyond all others indicates the keen foresight of the body of men presided over by Washington. It is true there are 17 amendments, but the first 10, the bill of rights, were originally agreed upon by the convention, and the eleventh, to exempt a State from being made a defendant by an individual, an exemption which the fathers thought they had included until a State was actually sued, was to correct the error. The twelfth was the first modification. The thirteenth, fourteenth, and fifteenth all grew out of the Civil War, and for our purpose would stand as one modification of the organic law. The other two are changes, it is true, from the original agreement when judged according to the opinions of the members of the convention. When we think of the blessings that have flown out of that marvelous instrument we can not attribute it to any one man so greatly as to the head of the convention, who held the membership together and maintained deliberation. Out of the diversity of political acumen, attenuated and discordant, there came through this sublime figure the instrument filled with the wisest of sanction and remarkably free of dangerous dogma. [Applause.]

The next episode in the life of Gen. Washington to which I wish your attention was when as our first President he inaugurated the principles fundamental in our Government and started the Nation on the right road. Fellow Members of the House, I want sympathetic attention here. Washington knew the fundamental principles of Jefferson. Washington knew that Jefferson was the greatest exponent of liberty in government the world had ever seen. [Applause.] Washington knew that the very lifeblood of this new idea in government, expressing itself in the right of local self-government, had never such a representative in the history of the world as Thomas Jefferson.

If I wanted Jefferson's own opinion of the work he had done which he wanted to be attached to his memory, having spent 39 years in office out of his more than 60 years of public life, I would take you to his tomb and would read upon it the epitaph that he himself wrote:

Here was buried Thomas Jefferson, author of the Declaration of American Independence, of the statute of Virginia's religious freedom, and father of the University of Virginia.

His 39 years of public life comprehended a service in the Virginia House of Burgesses, service in the Virginia Assembly, service in the Second Continental Congress, four years' service as governor of Virginia, four years' service as Vice President of the Nation, service as Secretary of State from 1789 to 1794, and service for two terms as President of the United States, to say nothing of his service as a foreign minister. And yet in all this array of high and outstanding service in the Nation he picks out three items, only one of which would you select as a thing for which he would want to be remembered. No one among you can understand why he thus made the selection so few in number and so unexpected in choice unless you see the very passion of the man's life, the one controlling item, and that is liberty. The biggest word in the vocabulary of the great Democrat was "Liberty." He was the author of the Declaration of Independence—political liberty; he was the author of the Statute of Religious Liberty of Virginia—religious liberty, and in it is another clause that does not appear in the title to the law, namely, the repeal of the law of primogeniture and entail—personal and pecuniary liberty; and lastly, founder of the University of Virginia—educational liberty. There upon his tomb may be read his own estimate of his life, and it comprehends the gamut of liberty, his watchword in his political career.

He said nothing at all about his achievement in the purchase of Louisiana, which in my judgment was the greatest act of his life. He paid no attention to that, because it was fundamental to him that the greatest good that can come to an individual is unrestricted opportunity in the struggle of life to make the most of one's self without restriction from government. [Applause.] That is fundamental in the Jeffersonian theory of politics.

Washington understood this and fully appreciated its importance. He called Jefferson into his cabinet.

Hamilton, totally different, was sharply differentiated in his political theory and schemes of government. He was not rural, not of the country, as Jefferson, but of the city, in the heart



of industry—Hamilton was brought up in an entirely different school from Jefferson. Jefferson was in France in the revolution, submerged in the atmosphere that later produced the French revolution of 1789–1792, and we are wondering just what effect the residence in France had upon his theories.

But it was not so with Hamilton. Where at that time was Hamilton? At Valley Forge, following the lead of the great Washington, as we could see by tracking through the snow by the blood trail of the shoeless feet of the soldiers, unsheltered and unclothed; and he would read to Gen. Washington the letters that Hamilton himself had indited, calling upon the States to supply food, to supply shelter, to supply clothing; and the answer, in the language of State sovereignty was, "We will do it when we are ready." And that meant delay. To see men without clothes to cover their nakedness, without blankets upon which to lie, and often without provisions, marching through the snow, and at Christmas time, to take up their quarters within a day's march of the enemy, without a house or hut to shelter them, were some of the lessons taught Hamilton by actual experience at Valley Forge. This was but a comment upon excess of State rights and lack of central authority. Hamilton had seen and suffered all this. Hamilton saw, mark you, a straggling group of soldiers, 80 in number, marching from Lancaster, Pa., to Philadelphia and attacking the Federal Government in the Capital, which was compelled to take shelter under the guns of Trenton—the Government a fugitive from 80 straggling, mutinous soldiers who had not been paid. Hamilton saw the Shay rebellion, and heard the State of Massachusetts call upon the Federal Government to suppress it when the State was told that the Government had no power, and it had to refer it back to the State. Hamilton, reading the treaty of peace with Great Britain, saw pledges to the British Government our Government had bound itself to secure, in the face of which he saw the States violate every one with impunity, and no ability in the Federal Government to prevent it. Hamilton knew that John Adams, in 1784, had gone to Holland to borrow on the credit of the United States \$300,000 to save the honor and credit of the United States; and Hamilton knew that John Adams was refused the loan to the Government unless John Adams, the Government's representative, went the Government's personal security to make good the \$300,000.

Fellow Members, it is not many days ago that you and I voted, in an urgent deficiency appropriation which carried more than \$1,000,000,000, an amount of money that could not have been foreseen when we passed our last bill. Yet a little over 100 years ago our young Republic was refused a loan from Holland of the miserable, miserly sum of \$300,000 unless John Adams went the Nation's security. If national impotence ever could reach a lower ebb than that, I am unable to conceive it. What was the matter? The matter was too little power, probably too much liberty. The loose confederation during the most critical era of American history supplies the answer, and what we lacked specifically was power. Washington presided over the convention that followed all this, called for the specific purpose of remedying this organic defection, and he well knew the principles that were proposed and were written in the organic law, and when it came to inaugurating these principles into actual, practical government he displayed a new quality of rare leadership in his determination to utilize the country's greatest talent, divergent though it be in party policy. He chose on the one hand Thomas Jefferson, the representative of the liberty of the citizen, the rights of the States, and the principle of local self-government, all of which are absolutely essential; this in spite of some lack of sympathy for the radicalism of the great Democrat. It was ability he demanded, not docility to any preconceived opinion of his own.

By his side for organization of the important Treasury Department he chose his former military secretary, the most constructive mind, according to Mr. Oliver, the English critic, the latest authority on Hamilton, that North America has yet seen. He chose him because he was the greatest representative of power, the veritable antonym of liberty. The words in the vocabulary of Hamilton are power, authority, order, energy, strength, vigor, administration. He looked upon the French Revolution as the most awful calamity or fatality that could overtake and overcome any country; while, on the other hand, Jefferson feared whenever the Government became so centralized that the individual would not have the right to resent what was going on. Jefferson once declared it dangerous if there were not a rebellion at least every 20 years. Now fellow Members, there is no one on either side of this House from the standpoint of a student of political science who has greater admiration than I have for Thomas Jefferson, for what he stood, namely, liberty in the individual under government and the rights of local government in the States; and

there is no one on the Republican side of the House or the Democratic who has a greater admiration for Alexander Hamilton, because of the fundamental principles for which he stood, namely, the right to maintain order, the power necessary to say what must be done in the interest of order and government.

The fundamental principles of government as expressed by Hamilton were:

1. A healthful support of government.
2. The recognition of the need of government.
3. Ever-present sense of obligation to government.
4. Reliance upon force to compel obedience.
5. The influence which goes with position.

No one ever expressed in better form the purposes of government than did Hamilton in his first report as Secretary of the Treasury: "To justify and preserve the confidence of the most enlightened friends of good government; to promote the increasing respectability of the American name; to answer the calls of justice; to restore landed property to its true value; to furnish new sources both to agriculture and commerce; to cement more closely the Union of the States; to add to their security against foreign attack; and to establish public order upon the basis of an upright and liberal policy."

As Jefferson was the greatest exponent of liberty in government, so Hamilton was the greatest exponent of power in government. His brief life is but a comment upon this fact. His was a remarkable career. At the early age of 17 he was ripe in constitutional history. At 19 he signalized himself as captain of artillery. At 20 he was made chief aid to Washington, when was begun that singular attachment which induced the great Father of his Country to lean more heavily upon Hamilton for counsel than upon any other American. At 25 he entered Congress; at 29 he became a member of the New York Legislature. At 30 he was a member of the Federal Convention, and by all but universal consent was conceded to be the most original mind in it. At 31 he wrote the *Federalist*, the strongest presentation of the principles of constructive government extant, and performed the inimitable feat of breaking down a great majority against the Constitution in the New York convention, which did not adjourn until it had ratified the instrument against which the majority was committed. At 32 he was called to the head of the Treasury Department, where his crowning work was accomplished. At the age of 41, on the demand of Washington, he reorganized the armies of the Government, and the next year, upon the death of Washington, he was made first in command. At the age of 47 he fell at the hand of the duelist.

While the fullness of manhood was reached before the age of his majority, the brilliancy of his career was eclipsed by a premature death. The span of his public career would measure 30 years—from 1774 to 1804. Twenty-one of these years were spent in the actual service of the Government at the time when the work of both destroying the old and building the new was done. Hamilton was stronger in building than in destroying. To him more than to any other American is due the title of master builder. But to Washington is due the honor of so directing that the Nation became the beneficiary of both Jefferson and Hamilton without adopting either extreme. And here is the peculiar attitude that is difficult for me to understand. Men accept Jefferson without hesitancy as their guide in all matters governmental but indict Hamilton. Other men accept Hamilton as a safe political prophet but instinctively indict Jefferson. It seems as if we had failed to realize that Jefferson's liberty would be anarchy if not restrained by government, and Hamilton's power and authority would have been monarchy if not restrained by the demands of liberty. [Applause.] Either one of them unrestrained would have gone too far. Why, think of the recommendation of Hamilton in the convention:

Let the people elect Congress, Congress elect the President, and the President appoint the governors of the various States.

That is certainly centralization. It is order, and without the restraining influence of the school of Jefferson, Hamilton with all his power would have gone too far. Let me say, with all the fervor that I can command, there is no liberty without government, and there is no government without liberty. [Applause.] Liberty must not be confused with license—that is, anarchy—and power must not be confused with monarchy; that would be despotism. Translated in contemporaneous events liberty unrestrained is the Bolshevik movement in Russia. Power unrestrained is the Hohenzollern autocracy overrunning Europe.

The thought that I wanted to put to the Members here is that in our appreciation of Jefferson in history and our appreciation of Hamilton in history we must not forget that the leading figure that held the two was Washington, and that without the



power to amalgamate the two, liberty and power, we never could have had our present American Government. [Applause.] This is the one query: How can we secure strong central government in the interest of order and still maintain local self-government in the interest of liberty? The first is Hamiltonian, the second Jeffersonian. The two combined is Washingtonian. The one thing I want to leave with you is that Washington recognized the extremes and extracted the good from both without incorporating the dangerous. Hamilton was more powerful than was Washington; Jefferson was also more powerful than was Washington when measured intellectually, but not morally. Wide apart as the poles, he took them into his councils and held them together, because he knew they represented fundamentals, and he worked out our present system. This at the very moment when political differences ripened into personal hatreds. Still they were held; one till 1794, the other till 1795. Lincoln did the same. He chose men of the greatest ability and the widest differences politically, because war and its dangers dare not risk mediocrity; and when he put into his Cabinet four old-line Democrats and only three old-line Whigs, Seward warned him and said, "Mr. President, you are unbalancing this Cabinet." Lincoln said, "How?" "Why, you have got four Democrats and only three Whigs." Lincoln smiled and said to Seward, "Well, I am a Whig, and I am going to count one." That was the attitude of Lincoln in the Nation's second crisis. It was much like the country's first President. I want now to make one observation as the lesson of the hour. We have introduced in the House this great railroad bill, which is very important and which the Congress will pass without delay. It has one or two items in it that must be thoroughly discussed, because it involves great possibilities. Here may be the introduction of governmental policies of widest reach, which must be carefully considered, because it is not the length but the direction of the step that is ominous. Another important bill is the financial corporation bill. That must be thoroughly discussed. There may be involved in that bill a flat danger which must, if possible, be avoided. It must not be lightly looked upon. Another great bill is for the extension of the executive function, a tendency so apparent here in the Capital that one can scarcely avoid strong language in reference to it. That must be thoroughly discussed, and I appeal to the party in power in the light of the example set by the great Washington and followed by the great Lincoln. It does not lie within the mouth of any Member on either side of the aisle, if Members insist upon a thorough discussion and even an attack on some phases of these bills, to say that they are any less patriotic than were the men back in the time of Washington and Lincoln when they were discussing those great questions. There is no danger in open debate. The danger is always when you do not have it. [Applause.]

I feel sure of my ground when I assert that this Congress will pass without any unnecessary delay every measure necessary to speedily end the war. I speak for the Republican side when I say this. But the party in power must concede the right to an opinion, and it would do well if it would observe the conduct of Washington and Lincoln and realize that divided views, the result of ability, are not in themselves a danger. The great leader is the man who can use men who do not always agree with him.

Mr. Speaker, we who are charged with the responsibility of efficiently defending our national honor and safety against the world's greatest example of armed brutality should take daily council of the wisdom of such men as Washington and Lincoln, and, if possible, not only mobilize all our physical power, but especially utilize to the fullest extent the highest type of mental ability, without regard to any party bias. This is the lesson of the hour.

Mr. MASON. Mr. Speaker, in President Washington's Farewell Address, just read, he refers to a short proclamation—

The SPEAKER. I know, but the gentleman can not make a speech, because he has no time.

Mr. MASON. I ask unanimous consent to have the Clerk read the proclamation of April, 1793, referred to by President Washington in his Farewell Address.

The SPEAKER. How long is it?

Mr. MASON. About three minutes.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read as follows:

#### A PROCLAMATION.

Whereas it appears that a state of war exists between Austria, Prussia, Sardinia, Great Britain, and the United Netherlands of the one part and France on the other, and the duty and interest of the United States require that they should with sincerity and good faith adopt and pursue a conduct friendly and impartial toward the belligerent powers:

I have therefore thought fit by these presents to declare the disposition of the United States to observe the conduct aforesaid against those powers, respectively, and to exhort and warn the citizens of the United States carefully to avoid all acts and proceedings whatsoever which may in any manner tend to contravene such disposition.

And I do hereby also make known that whosoever of the citizens of the United States shall render himself liable to punishment or forfeiture under the law of nations by committing, aiding, or abetting hostilities against any of the said powers, or by carrying to any of them those articles which are deemed contraband by the modern usage of nations will not receive the protection of the United States against such punishment or forfeiture; and further, that I have given instructions to those officers to whom it belongs to cause prosecutions to be instituted against all persons who shall, within the cognizance of the courts of the United States, violate the law of nations with respect to the powers at war, or any of them.

In witness whereof I have caused the seal of the United States of America to be affixed to these presents and signed the same with my hand.

Done at the city of Philadelphia the 22d day of April, 1793, and of the independence of the United States of America the seventeenth.

[SEAL.]

By the President:

GO. WASHINGTON.

TH: JEFFERSON.

#### LEAVE OF ABSENCE.

Mr. GREGG (at the request of Mr. SLAYDEN) was granted leave of absence indefinitely, on account of sickness.

#### EXTENSION OF REMARKS.

Mr. FESS, by unanimous consent, was given leave to revise and extend his remarks.

#### FEDERAL CONTROL OF RAILROAD TRANSPORTATION.

Mr. SIMS. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 9685) to provide for the operation of transportation systems while under Federal control, for the just compensation of their owners, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. GARRETT of Tennessee in the chair.

Mr. ESCH. Mr. Chairman, I yield 20 minutes to the gentleman from Massachusetts [Mr. WINSLOW].

Mr. WINSLOW. Mr. Chairman and gentlemen of the committee, we have had the great pleasure of listening to Dr. Fess make a very eloquent address on George Washington and kindred subjects. We have heard him state with great positiveness that the country will never be injured by too much intelligent debate in Congress, but is likely to be by too little. I agree with him on that general proposition. Legislation which we pass is too frequently marked by too little concern, too little straightforward discussion, perhaps by too much of what we call "bunk," and on the whole we do not confine ourselves perhaps as carefully as we might to the merits of bills before us.

The committee which reported this bill into the House was in session for about a month with very full attendance. Great interest was taken by Members, discussion was abundant, good fellowship prevailed, differences of opinion existed, and finally conclusions were reached. At no time was any witness limited in his presentation of testimony, and at no time was any Member deprived of a full opportunity to ask questions. The result of it is the bill which is now before you.

The President of the United States by proclamation took control of the railroads. This bill became necessary. It came before the committee as an administration bill pure and simple. Nobody has denied it. The Secretary of the Treasury was named Director General of Railroads. Those who presented the bill stated frankly that they appeared in behalf of the Director General and through him the President of the United States. So it is fair for everybody to assume, I think, that the bill as it was initiated and as it was developed, discussed, and finally passed was the proposition of the administration.

When the bill was first brought up it differed in many respects from what it now appears to be, but as we went on the representatives of the administration and the members of the committee began to realize that there were shortcomings, and every effort was made to get together.

There are four leading subjects in the bill which have been and probably will continue to be matters of central interest. I shall speak of them as they occur to me in what seems to my mind to be the logical order. There was quite considerable concern as to whether or not the employees of the railroad companies were to continue to be employees of the companies or to be considered hereafter as employees of the Government. The bill was finally framed so as to leave them employees of the railroads, and the general interpretation of the bill was that the Federal Government merely took control of the railroad properties as it found them, that it was to direct the operations, but that it was not to employ or direct the men or otherwise come in close contact with the employees or the general business

transactions of the railroad companies. I think it perhaps would not be worth while to take any time now to discuss the wisdom of so framing this bill as to leave the employees within the control of the companies. That subject quite likely will be brought up under five-minute debate, and it may be that we shall want to take a hand in discussing that question if it comes up.

The amount of return was a very important question, which was considered, and finally that which is set forth in the bill was agreed upon. So far as I know, from listening to the debate here and reading the speeches that have been made on the subject, there is likely to be some difference of opinion and perhaps some variation of interpretation as to what is really the right thing to do in remunerating the roads which may be taken over. Yesterday one of the Members on this floor raised the point that some of the railroads were appearing to receive an excessive rate of interest, a too large return. That question could be elaborated, but I shall try to sum up my judgment in a few words. It is quite true that on the face of it some railroads would appear to be getting an excessive return, but that is not really the whole story. Some railroads have been skinning along, robbing their treasuries for the purpose of dividends, neglecting to put back money which they should into their own properties, and the result has been that of late years, as with any other commercial concern, they have gone downward, and they have duly had difficulty in making great earnings or in paying any kind of dividends. On the other hand, there are roads which have been well managed, which have fostered their resources, which have put in large sums of money annually for the upkeep of their property until they have brought their companies into good order, the properties in fine shape; and, as with any other commercial undertaking, when they have become established in good condition they have paid proper dividends on the value of their stock. Nobody here has seemed to raise the point as to how many years, for instance, a now prosperous railroad may have paid no dividends. The question seems to have been entirely as to what they have paid in the last three years. That is not the fair way to look at it, and the committee, I think, gave heed to the consideration that if a road by virtue of being profitable as a result of keeping up its property and, generally speaking, as a result of good, clever, and scientific management found itself during the past three years, when business has averaged fair, so that it could pay a large dividend, the owners of the stock were entitled to fair or even generous remuneration.

Mr. GORDON. Mr. Chairman, will the gentleman yield?

Mr. WINSLOW. Yes, indeed.

Mr. GORDON. How does the gentleman come to determine that the stock was worth the amount for which these roads were capitalized?

Mr. WINSLOW. Capitalization is not the question. That is a misnomer which a great many people who are not thorough fall into.

Mr. GORDON. Yes; I know.

Mr. WINSLOW. I am not making a personal application.

Mr. GORDON. How did the gentleman determine it?

Mr. WINSLOW. I will tell the gentleman how I determined it. The value of a security ought to depend on two elements—first, on the property back of it, and then on the earning capacity. I would not accept the one or the other as being final.

Mr. GORDON. How did you determine the property back of it?

Mr. WINSLOW. On the valuations as they appear and are reported in various reports, and finally on the facts.

Mr. GORDON. We have spent \$11,000,000 undertaking to value these railroads for the purpose of finding out what property they had.

Mr. WINSLOW. Yes.

Mr. GORDON. Did the gentleman give any consideration to that?

Mr. WINSLOW. Just what does the question mean—when it is finished? Does the gentleman mean with respect of the \$11,000,000?

Mr. GORDON. No. I say we have spent \$11,000,000 in the process of valuing these properties for the purpose of finding out what they are worth. What I want to know is how the committee found out so quickly a thing that we have spent these \$11,000,000 for and have not yet had any report upon.

Mr. WINSLOW. I appreciate the humor of the gentleman's suggestion.

Mr. GORDON. There is no humor about it. [Laughter.] It is a question for information that I am asking. The gentleman is a member of the committee, is he not?

Mr. WINSLOW. Yes.

Mr. GORDON. I would like to have the gentleman answer.

Mr. WINSLOW. I can answer the part of the gentleman's question which would seem to me to indicate a serious inquiry. We have only had those facts which are of record and we have not attempted to be mind readers and forestall the report of the inquiring board. We have taken only those returns which are of record and have accepted them at their face value.

Mr. GORDON. The gentleman means the records of the railroads?

Mr. WINSLOW. As reported to the Interstate Commerce Commission and as submitted by the various people who have given testimony.

Mr. GORDON. Did the gentleman give any consideration to the question of this information that has been collected by the expenditure of this \$11,000,000?

Mr. WINSLOW. Only to realize they had not any report to turn in. I think in one or two cases Judge Prouty, if I am not mistaken, gave a fragmentary report as to the results of the findings wherever they had approached completion.

Mr. GORDON. Well, now, did the committee consider this? In the appropriation of all other private property since this war started in very many instances they were unable to determine the value of the property taken—in this case you determine the use of the property only, and in the other cases they were appropriating only part of the compensation—did the committee give any consideration to the suggestion that they should appropriate only sufficient of what the dividends actually paid in the last three years were and leave the final determination to await the finish of this appraisal by the Interstate Commerce Commission? Did the committee give that any consideration?

Mr. WINSLOW. Let us get together on this. I do not want to be answering one question when the gentleman is making a different inquiry. The gentleman is referring to the amount of dividend returns?

Mr. GORDON. Yes; the amount of dividends that should be paid. The gentleman determines that by taking the total earnings of the road for the past three years, as I understand it.

Mr. WINSLOW. No.

Mr. GORDON. The gentleman does not?

Mr. WINSLOW. No.

Mr. GORDON. Well, that is my understanding.

Mr. WINSLOW. That is only part of the question. I was fearful the gentleman was not comprehending the whole situation. [Laughter.]

Mr. GORDON. I understand it all right. If I have not made myself clear—

Mr. WINSLOW. Let me continue—the old clock is moving around. [Laughter.]

The CHAIRMAN. Does the gentleman yield?

Mr. WINSLOW. If I can have time I would like to discuss this economic proposition with my friend, but I am afraid—

Mr. STEPHENS of Nebraska. I suppose the gentleman from Wisconsin might possibly yield the gentleman some time, if I can have his attention.

Mr. GORDON. If I have not made my question clear already I can in a very few words, if the gentleman will allow me.

Mr. ESCH. The time required on this side is so largely taken that I can not make many extensions, but it may be possible to yield a few additional minutes to the gentleman.

Mr. WINSLOW. It is not my request, but yet I desire to tell anything I know that is proper.

Mr. GORDON. I would like to know how the gentleman gets at this figure.

The CHAIRMAN. Does the gentleman from Massachusetts yield?

Mr. WINSLOW. I think for the purpose, Mr. Chairman, of his inquiry, I can not yield, because it will take, I am well aware, more time to answer his question the way he has put it than the time I have at my disposal.

Mr. GORDON. I think the gentleman is right about that.

Mr. WINSLOW. The question is a difficult one, and I want to answer, in a measure but in a limited way, the inquiry of the gentleman from Ohio. There are hundreds of railroads in this country, very few of them known, apparently, to any considerable number of people. They know the great trunk lines, but they do not know the great multitude of short lines in different parts of the country which come in under the scope of this bill. We found out on the second day, if I mistake not, of the hearings that there were hundreds of roads around through the United States which would probably not mean anything to the Government for war purposes, and the truth came out that the purpose of the Director General, when he got ready—although he had taken every one over by separate order, although he had issued general orders to all of them—he proposed to drop a lot



one of these days, when he got ready. No railroad president was in the hearing who could find out when his turn was going to come. He did not know anything about it. The Director General would not tell him anything about it. Now, those roads represented all conditions of prosperity, and many of them conditions of no prosperity whatever. That feature must be considered. This bill is drawn in such a way that by an elastic provision it allows the President to treat with each road that he wants to consider or otherwise, and in that way those unhappy little roads may get out from under. It was beyond all human possibility for any committee in the time allotted, if ever, to draw a bill which would measure out accurately to each railroad exactly what was fair to it, so they have had to blanket those; and the bill, naturally, has been drawn to meet war conditions, to meet an exigency, so that when we begin to operate under this legislation, if it is passed, we will begin to get to business on the railroads immediately and allow the less consequential considerations to come up and be taken care of in due time. But some of the committee—and I believe for my own part a good many of the committee—agreed that the basis of remuneration set forth in the bill is as fair and equitable a basis as can be figured out in the short time allotted, when one considers the great interests involved and the varying conditions throughout the different roads as well as the necessity of as prompt legislation as is reasonably possible.

Mr. SMITH of Michigan. Will the gentleman yield for a short question?

Mr. WINSLOW. Gladly.

Mr. SMITH of Michigan. It is presumed there will be a considerable number of roads that will not be taken over?

Mr. WINSLOW. I think it can be fairly presumed on the statements of the gentlemen representing railroads through the hearings and from the testimony of the Director General that the number of such roads would run into the hundreds.

The next point of real interest which will have to be considered is the power of establishing the rates by the President of the United States. Herein the view of the committee members differed. The majority favored the bill as printed; a minority was in favor of putting the power to establish rates in the hands of the Interstate Commerce Commission. I represent in thought and in action the minority views in respect of this matter and I wish to give my own opinion. The Interstate Commerce Commission, I believe, represents pretty generally in this undertaking the interests of the great public of this country.

It has been a much-discussed body. It has stirred up the animosity of first one element of the community and then another. Take it far and wide, it has been exasperatingly slow at times. It has not been able always to render decisions quickly enough to suit everybody, but perhaps that has been the natural result of the condition in which it found itself. The problem is an enormous one—far beyond the comprehension of people who have not gone into it carefully. The opportunities for action on the part of the members of the Interstate Commerce Commission have been many and varied, and have constantly increased. Their ramifications have multiplied, and it has not been strange that a commission, if starting off with a little handful of employees and now having grown into a commission of thousands, they should have found the attending duties engrossing, perplexing, and frequently beyond their power for quick action.

However that may be, they have collected invaluable data, they have learned the "wiles" of the game, they know the "ins" and "outs" of the railroad problems, they have become expert as to how to get at and analyze railroad figures and statistics, and how to get information, and when and where such is to be obtained, and so forth.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ESCH. Mr. Chairman, I yield to the gentleman five minutes more.

Mr. WINSLOW. To sum up the reason for standing by the commission rather than to accept the provisions of the bill, I represent my own views, gentlemen, and possibly those of others. I hope so. There are two reasons in my mind why we should not let the President make the rates under the arrangements set forth in the bill. In the first place, we have a commission which has been set up by Congress to do this work.

They have been indorsed by Congress and by the people all this time; otherwise they would have long since been wiped out. They would not have grown from three or four men to several thousand men if there had not been a good excuse for their existence. They have been kept on and ought to know their business, and, so far as I have been able to learn, they do. That is one reason for keeping them there. They are a public

institution, as much a part of the Government of this country, as things are going now, as the Congress of the United States or the President himself. I am willing to trust the commission under war exigencies to discriminate wisely and to act as promptly as good judgment and the well-being of our people demand.

Mr. COADY. Will the gentleman yield?

Mr. WINSLOW. It would be a pleasure to yield, but I can not do it now.

In the second place, I think we are going too far in the direction of throwing all the fiscal arrangements of the United States under the head of one or two men. [Applause.] They can neither conceive nor cover them. No man has ever been known in this world, I believe, or ever will be, of sufficient capacity to take over or act wisely as an advisor of all the growing elaboration and direction of the new departments as we are setting them up, to say nothing of the three or four or five or more which are already on the board and about to be skidded into us for legislative consideration and establishment. I do not believe that the President—and I will give him all the respect that he deserves—or the Secretary of the Treasury can go on indefinitely taking jobs, each one of them big enough for the biggest man that ever lived, and carry them out successfully. For such reasons I think we are better off to have this matter of legislation in reference to rates in the hands of men who have had some training in such matters, who have nothing but railroad matters to think about, than to leave them in the hands of somebody or anybody who can be no more than a figurehead in the operation, and who himself must appeal to somebody else, and then have that consideration only one of a multitude of cares which are pressing down on his brow with constantly increasing pressure every minute of the day and night. [Applause.]

The question of time of return of the railroads taken over to their owners is another point of this bill which interests everybody. The proposition is, Shall there be a time set for the return of these roads by the Government, or shall there be no time set? This question was marked and debated clearly and fairly. The committee took it up, and they voted to set a time limit. They agreed on a time to terminate two years after the signing of peace ratifications. A minority thought that two years was too long. In the testimony before the committee, if you will read it you will find that the time mentioned by witnesses to be allowed for giving back the roads varied from one day to three years.

The testimony, as it appeared to me, was given by those whose opinion I most respected, indicated six months to a year. In order to be on the safe side, a year was the time indicated by those who filed minority views. I do not feel sure that a year will be long enough; but at all events a year will be long enough to determine whether or not a further period is needed. The question can be better decided under conditions prevailing then rather than be dealt with now, say, three or four or more years ahead. If not more than a year is necessary, the roads will be automatically turned over to the owners, and this war emergency railroad legislation will be forthwith terminated. [Applause.]

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. WINSLOW. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent to revise and extend his remarks in the RECORD. Is there objection?

There was no objection.

Mr. ESCH. Mr. Chairman, I yield one minute to the gentleman from Illinois [Mr. CANNON].

Mr. CANNON. Mr. Chairman, I hope to have a little time under the five-minute rule in which to address the committee. I use this minute to say that I listened to the reading of the proclamation of George Washington at the request of my colleague [Mr. MASON] a short time ago. I indorse George Washington now, and if I had been living I would have indorsed him then, and what he did. I indorse that proclamation. We were neutral when the nations were at war in Europe, and in that proclamation was noted that whoever violated neutrality would be punished. I believe if either one of those nations had given notice to us and to all the world that when our ships were on the world's highway they would be blown up without notice and then proceeded to blow them up, George would have said we ought to have war and have asked Congress to declare war against the nation so acting. [Prolonged applause.]

Mr. SIMS. Mr. Chairman, I yield one hour to the gentleman from Missouri [Mr. DECKER], a member of the committee.

The CHAIRMAN. The gentleman from Missouri is recognized for one hour.

Mr. DECKER. Mr. Chairman and gentlemen of the committee, I hardly think that I shall take a full hour in talking, but I do want to take a little of your time with the hope that I may be of some help in reaching a correct solution of this important problem.

I need not remind this body of the importance of this problem. As has been said, it affects the property rights of this country to an extent estimated at from eighteen to twenty billion dollars. It affects an industry which employs 1,700,000 men, constituting some of the most skillful and most patriotic and most efficient men of this country. But the amount of money invested in this industry, the property rights involved, yea, even the large number of men employed in the industry, does not constitute the greatest element of importance in this question. Transportation is the very breath of our national prosperity and even existence. The wheat must be hauled to the market and to the mill; the cattle must be slaughtered and shipped to the consumers of this country; the cotton from the Southland must be carried to the mills and made into cloth. The question of the money invested is important. The question of the men employed is important. But let us not at the outset lose sight of the fact that the very existence of this country, in time of peace as well as in time of war, depends upon transportation, and efficient transportation. Its importance in time of war is even greater than in time of peace. Our soldiers must be clothed, they must be fed, and under our complex system of national life, with our broad expanse of territory, the products of California and the products of the South and the products of the North must be gathered together through the centers, and upon the railroads of this country they must be carried to do the people any good, and especially the soldiers that are fighting this war.

Whatever property rights may be involved, whatever employees may be affected, let us not lose sight of the fundamental fact in this struggle, as expressed by the Fuel Commissioner, Mr. Garfield; let us never lose sight of the fact that always and ever while this war is on "the ships must sail," and the ships can not sail without coal, and the ships must not sail empty of food.

The great object, then, that led to the taking over of the railroads was efficient transportation. The railroad transportation of the country had broken down. There is no use in denying it. There is no use in spending time here in going into all the reasons for it. But it became necessary in order to carry on this war to unify, to coordinate the transportation facilities of this country. Under an act of Congress passed in 1916 the President was given authority to take over the railroads. He took them over; he took them over for the purpose of perfecting the system and creating greater efficiency. Congress had the right to give him that authority. Then there was left to us an important question—the question of compensation. That was a question, I say, that was left to us. I do not mean that we have a right to fix the compensation. The fixing of compensation for the railroads or any other property that is taken by the Government for public use can not be done by Congress or any other legislative body. That is a judicial question. This is not the land of the Bolsheviks. This is the land of liberty; but it is also a land of law, a land of order, and a land where property rights are still sacred, whether it be the property rights of the humblest man following the plow or the property rights of the man who owns the bank or the railroad.

It will not do any good to say, "We will take these railroads; these men have more money than they need." The same right that protects your hearthstone and mine and the hearthstone of the humblest follower of the plow protects also the hearthstones of the men who own these railroads, and prevents the taking of their property without adequate compensation or due process of law.

We have a right to take over the railroads, but no man in this House has the right to say how much they shall be paid. Do not let us lose sight of that fact. The owners of the roads can not prevent us from taking their property for public use, neither can the public prevent them from exercising their right of going into court and demanding just compensation.

And that brings me to another question: The prime question, the impelling motive for taking over the roads, was to better the transportation facilities of the country. But along with that taking over was something almost as important as transportation efficiency itself, and that was the financial stability of this country in this awful struggle. From 18 to 20 billions of property in this country is invested in railroads, differently estimated by different people as to the amount. Do I need to remind any man in this House that that vast amount of property value forms at least an important stone in the foundation of our

financial structure? Some have estimated it to be one-seventh of all the property in the United States. You and I can not trace the varying places where these securities and these stocks and bonds may be found.

It is true a few men own a large per cent of them, but it is also true that they are found in the humblest homes of widows and orphans, in insurance companies, and in the trust funds; and if justice were not done to these security rights and these property rights, do I need to remind intelligent men that it would be a blow not only to this one stone in the structure but that it might cause all of it to tumble to the ground? So in taking over these roads it is important not to shake the financial structure.

Now, how can that be done? It is easy for us to say, "We have taken your railroads." It is easy to reply to the gentleman from Ohio [Mr. GORDON]. I wish he were here. It would be easy to say in reply to his question, "How much are they worth?" "I do not know." You do not know; President Wilson does not know; Secretary McAdoo does not know. How can you know? We have spent already \$11,000,000 to try to estimate the physical value of the railroads, and I think they tell us that physical valuation will be finished in 1921. That is just the physical value. That does not mean that then you have got a complete basis on which to estimate what is a reasonable compensation for the use. I might have a railroad between here and Baltimore with 10,000 bridges on it. It would cost an immense sum of money, but it would not be worth a cent more than one that did not have a single bridge. You can not fix the rate on just what the property costs. There are many and varied questions that enter into this. Now, what shall we do? Shall we say to them, "Go into court," which they have a right to do? No power in the United States, as long as that Constitution, of which the gentleman from Ohio [Mr. FESS] spoke is in existence, can keep them from going into court.

Shall we tell them to go into court and take the valuation of their railroads and bring in all the elements that go into the making up of the value of the use of them, spend six months on the trial of each single, solitary case before the court? Then there would be the right of appeal, due process of law. How long would it take? What would be the result if we told them to go into court and settle their rights there? Any man who wanted to break down this war could do it by putting the railroads of this country into litigation—a large percentage of them. So what did Congress have the right to do? We could not say, "Stay out of court." We could simply say this, "Now, you owners of the railroads, we can not tell you what you have got to take. We have a right, however, as legislators to make you an offer," and that is what we have tried to do in the bill. We have tried to make them an offer, to lay down a basis of authority for the President to make a trade with the railroads for their use during Federal control. That is all there is in the bill. Do not rail at this committee and say, "How quickly did you decide on the value?" We did not decide. We could not decide. You could not decide. It would take you and me and probably many of us here many years to understand the intricacies of the details of the railroad question; but the general principles one man can understand about as well as another. And one of those fundamental principles is this, that if we take over private property for public use we must pay reasonable compensation for that use; and in estimating the value of that use we can consider the demonstrated value of the use for a reasonable time before the taking. So we took a period of three years before our entrance into the war and divided the annual operating income of those three years by three and called that the standard return. Some would say take four years, take five, some ten. I can not go into all the reasons why, if you go back too far, it would not be just, because every year that the railroads continue in existence the money put into their property increases. So the further away you get from the time of taking the more danger there is of doing injustice to all concerned.

So we thought, and to be frank with you, as the gentleman from Massachusetts [Mr. WINSLOW] said, the men who wrote the bill, Mr. Anderson, of the Interstate Commerce Commission; Secretary McAdoo, and even the President himself in consultation no doubt—in fact, his proclamation spoke of that—took this as a fair basis of compensation during the period of Federal control.

Now, when you go back home and they say to you, "You paid the railroads too much," what are you going to say? Some fellow will say to you, "Why, what did you give the railroads that amount of money for? Why didn't you take their property the same as you took the other property of the country?" I even heard a speech in another body in this great Capitol, in which it was said, "They say if we can draft the boys of the country, why not draft the property of the railroad companies?"



We will draft the property of the railroad companies, we will draft your property and mine, and the property of the farmer, but we will do it according to law by means of taxation, and not by confiscation and the violation of the Constitution. When you get back home, what are you going to say about the way this was fixed? I will tell you what I am going to say. I am going to say that for 30 years there has been in this country, growing up and increasing in efficiency and power and intelligence, a great body called the Interstate Commerce Commission, whose duty it has been, so far as possible, to determine what is fair compensation for the railroads. That body has the confidence and respect of the people of the United States. In some places there is more confidence in it than in others, but it is the only body we have. We simply took what they had allowed these roads to receive during the last three years, and divided it by three, and said to the railroads, "We will give you that same amount during the continuance of Federal control." Can you beat that system?

Our much-esteemed colleague from Wisconsin [Mr. Esch] did not say that this amount was too large, as I understood him, but he did say that he recommended paying them a certain percent on their stock and on their bonds, and then dividing the surplus between them and the Government. He gave as his reason for doing this that under the system which we have adopted there is no incentive for the railroad officials, like the presidents and superintendents, to put forth their best energies to make the railroad management a success during Federal control. In other words, briefly stated, he says if we guarantee a definite sum to the owners of the railroads and the men who run them during Federal control, what incentive is there to make the railroad officials put forth their best energies and to see that the industry is a success? Well, that is a fair question. It is one that appeals to anybody. But my answer to the gentleman from Wisconsin is this: His proposition is fundamentally unworkable for the purposes for which we took over the railroads at this time. We took over the railroads at this time so that we could, if necessary, say to the Baltimore & Ohio Railroad, "Clear the tracks! Get your passenger trains off of there. We are going to ship coal over your road." But they say, "There is no money in coal. We want to ship iron or steel or passengers." "Clear the track, Baltimore & Ohio! We are going to ship coal over your road and nothing else. It is for the good of the country." We can say to the Pennsylvania, "You have been making more money than anybody else in the country. You have got the best railroad, but we want to use it for a certain business that is not as profitable as the other kinds of business in this country." We will divert the business from one railroad to another railroad if necessary in order to have efficient transportation and in order that "the ships may sail." That is the test in this war. Now, how are you going to do that?

If the plan of the gentleman from Wisconsin was put into force and the surplus divided between the Government and the railroad company, would the Pennsylvania Railroad be anxious for ships to sail, or would it want to get the business? Would the Baltimore & Ohio have the incentive to make the loaded ships sail, or would they want to make money for their company? That is the reason we could not adopt his system. That is the reason the director of the railroads and Mr. Anderson, who wrote the bill, decided that it was unworkable and that the present system was the only way to do it.

Now, I admit, gentlemen, that there will be some slackers among railroad presidents and railroad companies. I expect that there will be slackers among them, as in all other classes, but I believe most of them are patriotic enough in this hour of need to do their duty. Some men have spoken in favor of these gentlemen, and I indorse a good deal that has been said about their patriotism and their ability. But let me tell you something. The men who are presidents of the railroads, put there by the financiers and bankers of the country, do not always run the trains. You have never seen any on the engines, you have never seen any on the locomotives, you have never seen them turn a switch, you have never seen them at the ticket window. If any president of a railroad shirks, the Director General can fill his place, and the patriotic railroad men of this country will come to the rescue of our transportation system and "the ships will sail." [Applause.]

Now, I want to say a few words about the question of rates. I want to call your attention to one inconsistency in some of the men who are so eulogistic of the Interstate Commerce Commission. Some men on our committee and some who appeared before our committee claimed that this compensation, which is according to what the Interstate Commerce Commission has fixed for the last three years, was too high. Yet these same men are insisting that the Interstate Commerce Commission shall not

by any circumstance be interfered with by the President of the United States. Well, they can not blow both hot and cold. If this same Interstate Commerce Commission is so vital to the welfare of transportation that you can not let the President of the United States interfere with its authority, why are you blaming us for following their findings in fixing the compensation for railroads during the time of Federal control?

But that is not what I started out to say. I want to be fair about this question of rates. The members of the committee differed, and the point of difference, I think, is this: I think we all agree that the President has got to initiate the rates if these are ever changed, unless we change the law as it is now. The President, who takes the place of the owners of the road, must initiate the rates if they are to be changed. Now, under the bill as we have it, anybody who is dissatisfied with the rate which is initiated may have the matter referred to the Interstate Commerce Commission, and the Interstate Commerce Commission is instructed by this bill to make an investigation thoroughly and carefully. Now we come to the point of diversion. Some say that their recommendations should be final and conclusive. Those of us in the majority of the committee concluded that it was better to have the President's authority final and binding.

Mr. ALEXANDER. Will the gentleman yield?

Mr. DECKER. Yes.

Mr. ALEXANDER. While the President has the power to initiate a rate, does it go into effect until it is reviewed and approved by the Interstate Commerce Commission under this bill?

Mr. DECKER. Candor compels me to say that it goes into effect immediately.

Mr. IGOE. Will the gentleman yield?

Mr. DECKER. I will yield to the gentleman.

Mr. IGOE. The rates fixed by the President are merely for the duration of control by the Government, or do they last until subsequently modified in the old way by action of the railroads and the Interstate Commerce Commission?

Mr. DECKER. Will the gentleman ask me that question when I get to the most important question—the question of turning them back to the railroad companies? Well, I will answer it now: It will take legislation to readjust that, regardless of whether the rates are fixed by the President during the war or by the Interstate Commerce Commission. That is one reason I am not for putting a stop watch on the time to turn them back, so that we may have an opportunity to work out the kind of legislation wanted.

Mr. LENROOT. Will the gentleman yield?

Mr. DECKER. I will.

Mr. LENROOT. The gentleman has stated that in the majority bill a rate fixed by the President is final. I ask him, as a lawyer, whether Congress has any power to delegate to the President the power to fix rates finally?

Mr. DECKER. I will answer the gentleman's question by asking him another. Is not the President of the United States a citizen? Is there any reason why we can not delegate the power to him as much as to five or six citizens on the Interstate Commerce Commission?

Mr. LENROOT. The Interstate Commerce Commission acts under the rule laid down, carrying out the law, and we have made their rates final except they go so far as confiscation of property. Under the power delegated to the President in this bill there is no such power conferred.

Mr. DECKER. I do not think that the gentleman has read the bill carefully, because the bill provides that the rates must be just and reasonable. It does not mean that the President can fix any rate, but he is to use reason, justice, and fairness, and avoid all discrimination. I have heard it said here that under this power he can make Chicago a desert. He can make Chicago a desert under this power if he wanted to violate his oath of office, but no intelligent man would use such discrimination against Chicago as to make it a desert without knowing that he was doing something wrong.

Mr. BARKLEY. Would not the Supreme Court have the right to pass upon the reasonable and just rates fixed by the President?

Mr. LENROOT. Would it unless the law lays down some restrictions on the President?

Mr. DECKER. The Supreme Court would, because there is one thing Congress can not do. It can not confiscate a man's property, it can not take anything away from him without due process of law. The rights of the railroads and the shippers can always be determined in court under a claim that they are discriminatory, unjust, and in violation of the law.

Mr. LENROOT. Does the gentleman contend that it is due process of law to delegate to the President or anyone else the



right to make a rate without a hearing upon the part of the shipper? That is what is done in this bill.

Mr. DECKER. Oh, we do not do that in our bill, begging the gentleman's pardon.

Mr. SIMS. The railroads, before they were turned over, absolutely made their own rates without consulting the shipper.

Mr. LENROOT. Mr. Chairman, will the gentleman yield?

Mr. DECKER. Yes.

Mr. LENROOT. Any shipper, as the gentleman well knows, had a right to go into court upon any rate prior to the enactment of the Interstate Commerce Commission law.

Mr. SIMS. Yes; but he does not make it.

Mr. LENROOT. I understand; but he had his remedy.

Mr. DECKER. The thing I wanted to say on this subject was this, and I do not want to take up too much of your time: I am opposed to taking away the power of the President to fix the rates in case in his wisdom as a war emergency he thinks he should do it. How is the ordinary business of the country conducted? Does the man who owns the farm and spends the money in the operation of the farm have the right to say what he shall sell his products for, so far as he can get a market? Who fixes the price of the commodity of the manufacturer of this country? In other words, the man who runs the manufactory and spends the money in operation also determines, as far as he is able, the amount of income he gets, does he not? In other words, the successful way to run a business is to let the man who handles the expenses try and fix, if he has wisdom enough, the amount of income that he can get out of the business. You say that can not be done with the railroads, because the railroads are not a private business, but are quasi public, and that while they are private in the sense that private money is being used in their operation, yet that the public has such an interest that it would not be safe to let the men who spend the money on the railroads in building them up, equipping them, and paying the labor say how much income they shall get from them, and so, after many years of experience, we established the Interstate Commerce Commission, the object of which was to stand between the public and the selfishness of the men who owned these railroads. Is not that a fair statement?

And do not you see the minute that the President of the United States steps into the shoes of the railroads the situation is changed? You do not have to protect the people of the country against the President of the United States. He has no selfish interest to serve. Not a dollar goes into his pocket. He has but one ambition, to serve his country and win the esteem and affection of his countrymen. That is the only interest he can have. There is still one danger, and I want to be fair. He may have the best intention, but you say he has not the intelligence. That is, you do not mean by that he lacks the broad mental power and acumen, but that this is such a special business, so intricate and technical, that it is impossible for him to know the details sufficiently to fix the rates. That is the very reason why we provided two things in this bill. We provided in this bill that the President of the United States in running the railroads—and this is in addition to section 11—could at any time avail himself of the services, advice, and co-operation not only of the Interstate Commerce Commission but of any other department of the Government.

Mr. HARDY. Mr. Chairman, will the gentleman yield?

Mr. DECKER. Yes.

Mr. HARDY. Does the gentleman think it would ever have been necessary to establish the Interstate Commerce Commission to regulate rates if these transportation facilities had been owned by the Government originally?

Mr. DECKER. I think not. I think that the only thing that the public had to protect itself against was not the lack of intelligence and knowledge on the part of the owners but the innate human selfishness that is in us all.

Mr. HARDY. In other words, the gentleman thinks the Interstate Commerce Commission was provided to protect the public against the greed of the private owners?

Mr. DECKER. The private owners, who were performing a governmental function, to wit, running the public highways of the country, and it was not safe to turn over to them, unrestricted, the right to set the toll or levy the tax for using the roads.

Mr. COOPER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. DECKER. Yes.

Mr. COOPER of Ohio. The gentleman stated a few moments ago that the Interstate Commerce Commission now had power to fix the rates, and that that power was placed with them for one reason, to protect the public, and then the gentleman stated that the President had no selfish interest to serve. What I want to know is this: Has the Interstate Commerce Commission

any selfish interest to serve, and why could not they take care of the rate making at this just as well as at any other time?

Mr. DECKER. That is a fair question. It is a matter of judgment. I am not going to rail against any man in this House that thinks it should be left with the Interstate Commerce Commission; I am not going to say to him that he does not believe in the patriotism of his President. I believe it should be left to the President, and I was telling the first reason. In other words, the fundamental principle of running every business is to let the man who pays out the money set the price upon the product, and thereby determine the income. Have you not heard criticism on every side that while the railroad officials have to spend the money for higher wages, for more equipment, for rails, ties, rights of way, and terminals, yet when it comes to getting the money to pay for all these things they have to go to somebody else to get it.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. DECKER. Yes.

Mr. ALEXANDER. The gentleman seems to think that if this power is vested in the Interstate Commerce Commission and not in the President, it would impeach the President's patriotism or intelligence.

Mr. DECKER. Oh, no; I did not say that. I say I am not accusing anybody of such a thing because he wants the power placed in the Interstate Commerce Commission.

Mr. ALEXANDER. The point I want to make is this, that nobody assumes that the President himself would exercise these powers directly. These powers must be exercised through agencies, because it is not possible for the President to do it. The question arises, and I think it is one well worthy of answer. Why not let this power be exercised by a tribunal organized according to law, charged with that duty, and presumably equipped for the duty?

Mr. DECKER. I thank the gentleman for the suggestion, and that is the gist of the question; and I hope I shall not be interrupted until at least I try to answer it.

Mr. MADDEN. Why does not the gentleman answer this question?

Mr. DECKER. It is practically the same, although I think my colleague misunderstood my answer. The reason is this: Either turn over to the Interstate Commerce Commission not only the fixing of rates, but also fixing the rate of wages, the price of steel, the cost of bridges and terminals. In other words, give the body that determines the income the right to say what the outgo will be. That is my contention; that is the business way of doing anything. And then do not you see another reason in this? I have reminded you that the President has no ulterior motive. We have said in this bill that he has the right to avail himself of the services of the Interstate Commerce Commission, and anybody in the United States who feels he is wronged by any rate fixed by the President has the right to have an investigation and then the commission makes a report. So, then, there would be little or no chance for him to make a mistake for lack of information. Many questions come up in an ordinary rate case that is brought before the Interstate Commerce Commission. The owners of the roads come in and explain what improvements they have made, how many bridges they have built, how much the steel has cost that they have put on; the Interstate Commerce Commission goes into every detail of it, and if any of that money has been unwisely or foolishly spent, it is not considered in the fixing of the rate.

Do you want the President of the United States, who has upon his shoulders the Herculean task of bettering the equipment and transportation of the railroads of this country, every time that he wants to build a new bridge or lay some new ties or construct a terminal or do some other extraordinary imperative thing which he thinks is necessary in order "that the ships may sail"—do you want him to have to ask himself the question, Will the Interstate Commerce Commission give me the money to do that work?

Mr. HARDY. Will the gentleman yield right there? In connection with the question by the gentleman from Missouri [Mr. ALEXANDER], did not the entire committee agree that it was absolutely necessary that the President should initiate the rates?

Mr. DECKER. Well, I would not say. I do not believe that question was raised in the committee directly.

Mr. HARDY. Was not the difference between you whether or not the Interstate Commerce Commission should have the power to overrule the President?

Mr. DECKER. It was the only question, I think, and if I am not stating it correctly I trust any gentleman of the committee will correct me, and there can be no other question—

Mr. RUSSELL. Will the gentleman yield?



Mr. DECKER. I will.

Mr. RUSSELL. Is not one of the chief reasons for providing in this bill that the President shall initiate the rates because war is on, that is the reason for taking possession of the roads, and there might be some emergency in which it might be necessary to act very expeditiously, and it was believed by the committee the President could initiate or change a rate more expeditiously than if it were left in a body like the Interstate Commerce Commission?

Mr. DECKER. I am not satisfied to go only that far; there is more involved in it than that. He has not only got the right to initiate the rate, but I want this understood—for it is not my intention to deceive any of my colleagues—he has got the right, even after the Interstate Commerce Commission has made its report and findings, to use his honest judgment and answer to the people of the United States who elected him. In other words, after giving this extraordinary power to the President of the United States I do not want him, if transportation facilities should break down again, or anybody who, as his friend and his advocate should come around and tell me, "Yes; it broke down, but it was because some one else did not do their part; it was because the Interstate Commerce Commission would not let him raise the rates sufficient to make money to run the railroads adequately"—I want to be able, if these transportation facilities break down in this hour of tragedy and need, to point a finger to him and say, "Mr. President, thou art the man."

Mr. STEVENSON. Mr. Chairman—

Mr. DECKER. I have just got a moment or so, and I would like to go on—

Mr. STEVENSON. Just to ask this question. The gentleman stated a minute ago he did not want the President to go to the Interstate Commerce Commission to get money if there was a shortage. Is not Congress usually in the habit of giving the President in war time all the money he wants, and he does not need—

Mr. DECKER. That is a pertinent question, and one I started to answer before the gentleman asked me. My time remaining is very short, but I will answer it. Who is the best judge of the exigency of the Treasury of the United States, and how much more strain it will bear before this war is over—who is the best judge, the President of the United States or the Interstate Commerce Commission? I understand the fact that if we reduce the rates during this war the people of the United States, if they wanted to, could vote taxes to make up the deficiency, but the honest opinion of the intelligent business men and thoughtful men of this country, I believe, is that the cost of manufacturing should be borne by manufacturing, that the cost of mining should be borne by mining, and likewise the cost of transportation should be borne by transportation throughout this struggle.

But, gentlemen of the committee, I must hurry on. I come, gentlemen, to what I consider the most important part of the bill.

That is the question as to how long Federal control shall last. And let me say at the outset now, men, this is a question that involves only a few lines in the bill, but it is very important. Do not get it into your heads what they have been telling, that if at the end of two years we are not ready to turn them back all we have to do is to pass a resolution through both Houses. That is told you here with a good deal of force, but it is not true, in my humble opinion, and I will tell you why.

What do we do in this bill? In this bill we just give the President the right to make the contract with the railroads for compensation for a certain time. And after that contract is written and signed by the President, do you think Congress could come in and extend it without the consent of the railroads? It can not be done. We can do at the end of two years just what we are doing now. We can make them an offer, and they can take it or let it alone, as they please. You can not continue this thing without their consent, because it is a solemn contract which you and I authorize the President of the United States to make. So, then, gentlemen, we are up to the proposition of how long this shall last. The majority of our committee believed that there should be a definite, specific limit set. I opposed it in the committee, and I oppose it here now. I want to give my reasons.

No man knows what the situation will be when the war is over. In the first place, how long will the war last? Can any man say? What will be the extent of our exhaustion when the war is over? Can you say? What will be the financial situation in this country when the treaty of peace is finally signed and ratified? Can you say? Can you say whether the railroad owners of this country will have the money to take the railroads back when the war is over? Can you say that they will

have the money to supply the equipment and to rehabilitate the railroads so that they will come up to a standard of efficiency in this country that the people of a great Nation deserve and are entitled to? Can you say it? Can you say how much money of the people you will vote during this Federal control and put into the railroads? We put \$500,000,000 in this bill. I predict, and I am no prophet, that it will be a billion and a half or two billions before the war is over. There will be money put into the railroads for rolling stock, for new engines, for new bridges, for new terminal facilities, and for new equipment, and it should be put there. It will be well spent. You know that. It will be money spent in this war in order to have victory. Gentlemen lose sight of the fact that no matter how much steel rails may cost at this time, no matter how high labor is for construction, no difference what things cost, the important thing in this struggle is "the ships must sail." Our boys are on the other side; they are in the trenches. Shall we let them go without food and without clothing? No. We will build entire new railroads if it is necessary in order that "the ships may sail." [Applause.]

Ah, my friends, you who vote to turn these back at a certain time, do you know just how much of the people's money you are turning back to the private owners? Will it be a billion or a billion and a half or two billions of dollars? What is going to become of that money? It does not sound as if it were much now, but a day will come when the sons of toil will ask you, "What did you do with that money?" And you have got to answer them in that day. Are you going to turn it back to them and let them squander it or manipulate it, and let it go as the money in the Frisco or in the New Haven went—into the pockets of profiteers; into the pockets of the men who robbed those railroads for their own private gain?

We now know of some needed reforms from our past experience. Is there a man in this House who does not know that we need a law in this country to regulate the issuance of railroad stocks and bonds? Not one that would dare stand here and say that this system of letting the railroad companies issue as many stocks and bonds as they wish, on their say-so, is just. They used to do that. The New Haven is an example. And the stockholders who have been robbed, the widows who have been made penniless, as the result of the treachery of the owners of some railroads, is a sufficient warning.

The gentleman from Illinois said that the railroad men are honest. There is Ripley, "the grand old man of the Santa Fe." I think he is honest. He will not rob his stockholders. No. But he is 70 years old. He has the confidence of the people, rich men as well as widows and the orphans who have put their money in his road. But there will be a successor to Mr. Ripley, and we ought to be sure that that successor can not do like the officials of the New Haven did when they robbed the investors. Are you going to turn the roads back to the private owners before you pass that kind of a law? That is just one of the needed laws that we know of now. Are you willing to say, gentlemen, in all seriousness, that during this period of Federal control you will not learn something that ought to be done, different from what we have done in the past, in the control and management of the railroads? Do you not want to study the question? And these questions are not settled by you and me in the last analysis. Do you not want to hear from the folks at home? It is their money that we are voting into these roads. Why should you and I set the stop watch? Well, gentlemen, do not dodge it. We can not dodge it. This vote on the limitation means this: An advantage to one side or the other. You know what governmental inertia is. Why, we passed a bill through this House twice for the regulation of railroad stocks and bonds. I have been in Congress for five years, and nothing has come of it yet. Governmental inertia is hard. It takes time for the folks back home to understand and get to moving.

It means an advantage, gentlemen. Do not let them gloss it over and tell you it does not make any difference; that we can come together here in two years, and if we have not the right laws fixed up we can vote to extend the time. I have shown you why you can not do that. It can not be done. It means an advantage to one side or the other. You ask me what I mean by two sides. What is the use of dodging? I am not afraid of it, and you are not, either. The two sides are these on this question:

There are some people in this country who are so opposed to governmental ownership that they would turn the railroads back to the private owners, whether they could get the right kind of legislation to protect the people's interest or not, and trust to the future to remedy the wrong. They are here; they are just as honest and just as patriotic as I am, and I am not impugning their integrity. They may be right. Yet a vote to

keep this limitation in the bill is a vote in favor of giving the advantage to the people who think that way.

Now, on the other hand, there are many of us here and many out in the country who think that it is better to keep these roads in the hands of the Government until we can get the right kind of remedial legislation that will protect the rights and the interests of the people of this country and protect the shippers and the consumers of the country as well as the investors.

Mr. LAZARO. Mr. Chairman, will the gentleman yield?

Mr. DECKER. Yes.

Mr. LAZARO. How does the Secretary of the Treasury feel about this measure in connection with this limitation?

Mr. DECKER. I do not speak for the Secretary of the Treasury, but I think I am justified in saying, and saying most emphatically, that the Secretary of the Treasury and also the member of the Interstate Commerce Commission, Mr. Anderson, who wrote the bill, stated with the greatest force possible that the interests of our country demanded that there should be no limitation in this bill.

Mr. HARDY. Mr. Chairman, will the gentleman yield right there?

Mr. DECKER. Yes.

Mr. HARDY. Might not the gentleman just as well go further and say what is the fact, in my judgment, that this limitation will in a measure foreclose the right of Congress to pass upon the final question of governmental ownership?

Mr. DECKER. Yes. You always say a thing better than I do. I thank you. I would not say "final foreclosure," but it puts them at a disadvantage, because they have got to move in the matter in a limited time. They have got to overcome what we call around here the "governmental inertia," this thing that prevents the actual enactment of legislation regarding the regulation of the issuance of stocks and bonds while every man in this House believes in the regulation as to the issuance of railroad stocks and bonds. Yet, despite the fact that the bill for that purpose has been reported by our committee, and I have been here five years, it has not passed yet. That is what I mean.

Mr. SWEET. Mr. Chairman, will the gentleman yield?

Mr. DECKER. Yes.

Mr. SWEET. Is it your thought, then, to experiment with the roads during this period?

Mr. DECKER. They are not your railroads, and they are not mine. We have taken them over. If you keep your eyes open, you have got to see an experiment.

Mr. SWEET. And that is your idea about it?

Mr. DECKER. And if you learn anything from the experiment I want you to have a chance to put it into effect after the war is over.

Mr. SWEET. And it is your thought and your argument, then, that that is one of the main things that ought not to be limited?

Mr. DECKER. I do not want you to put words in my mouth, because you are a skillful man. I know who you are. [Laughter.] I mean this: I mean you and I know and other people know the thing as well as we do. We should have done something before this to protect the investors in this country in the railroads. We knew this before the roads were taken over. I say we may learn something new during the period of Federal control; something, for instance, about whether it is better to pool the interests of the railroads, and whether there is too much competition, and whether there is too much duplication; and if we do, why limit the time for putting that knowledge into effect before you turn them back?

Mr. SWEET. You say you may learn something. That is true. Is that one of the main reasons why you are leaving off the limitation, that we may experiment during that period of Government control?

Mr. DECKER. That is a good and valid reason. That is all I need say for that reason.

Mr. SWEET. That is one of your main reasons?

Mr. DECKER. That is good enough for a main reason.

Mr. LAZARO. Mr. Chairman, will the gentleman yield?

Mr. DECKER. Yes.

Mr. LAZARO. The gentleman says he is in favor of taking off the limitation. Will the gentleman tell the committee how the committee voted on this proposition?

Mr. DECKER. The vote stood 15 to 6, and I think the smartest men on the committee were for the limitation. [Laughter.]

Mr. SIMS. That is good, coming from the gentleman from Missouri. [Laughter.]

Mr. DECKER. I will except the chairman. He was on our side. I will say that. The majority were against us. It may have been 15 to 6 or it may be 15 to 4. But it is a question you can understand as well as a member of the Committee on Interstate and Foreign Commerce. That question is not hard to understand. That question is an important question. You can not say "I will follow the committee on this question," for the man who follows the plow will say, "Why did you foreclose my right to pass upon this question?" You can not follow anybody on this question, because the people are going to look into it, and they are going to say, "What did you do with our money during the time of war?"

There are some people, as I said before, that will want to get these roads back to private ownership if we put \$5,000,000,000 into them, and they would give them back with mighty poor security for the \$5,000,000,000 in order to avoid Government ownership.

They think Government ownership is an awful danger. There is no use in dodging it. But that does not mean Government ownership if you leave the question open. Some people believe in Government ownership. Some believe that perhaps the present system of Government control would be a good thing permanently. Some people believe that we ought to own the roadbeds and lease the roads to private individuals for operation.

There are many different theories as to how this would best be done, but the point I am making is this: I want to hear from the folks at home. I want my people to have a chance to speak, and I stand here in the House of Representatives and protest against the Congress foreclosing the people's right to speak or make it difficult for them to bring about needed reforms in this country. [Applause.] There are some people in this country who believed that we should have put that railroad stock and bond regulation measure through before those men had wrecked the New York, New Haven & Hartford Railroad. There are some who believe that we should have cheaper rates in this country and a larger Interstate Commerce Commission before we turn the railroads back. Should they not have a right to think it over? It may take the folks back home a long time to understand these things. We have been five years in trying to get through Congress a bill that almost everybody in this Congress believes in.

You say two years are a long enough time in which to pass needed legislation. That depends on how many other bills you have got to pass. There will be other questions troubling the hearts and the minds of the American people. There may be the good old tariff question. The economic situation throughout the world is being changed. The boys will be coming back from Europe. It may be that they will come back maimed and halt, though I hope not. The mothers' and fathers' hearts will be sad and torn, and we will be asked to make provision for these boys which will be adequate, so far as we have the ability. There will be many other questions. Some people say when this war is over, or even before it is concluded, we should change our military system and have universal military service. That may be a question and it may not. It depends on when the war is over and how the war shall end. Can you tell what questions will be for settlement, my friends? Then why say that in spite of what may be before us, this question must be settled in a given time. We are out on the sea; it is a stormy sea; we do not even know what port we will have to make. Why say that we have got to get into the harbor at a certain date?

Mr. RUSSELL. Why bind our own hands?

Mr. DECKER. Why bind our own hands when we have a herculean task to perform? Ah, my countrymen, they have talked here about many things, but I will tell you what I am afraid will happen. I am afraid the thing will happen that has happened before in the history of the world in time of war. I am afraid it will happen that the rich and the powerful—those who own these vast interests, who speculate in the stocks and bonds of railroads and wreck them sometimes—not always—I am afraid these men will again fatten and grow richer still on governmental favoritism; not because you are not as honest as I am, but because you limit the time for the people to act in their own interest. They will fatten on the public favoritism while the people's hearts at the close of the war are torn with anguish, and while their minds are distracted with many other problems than that of the railroad question. My friends, why set a limit here; why foreclose the right of my people to speak on this question? That is all I ask. Let the people rule. You need not worry. They will rule in the end, anyway. You and I need not try to set a limit to their power. It can not be done in this land of ours. [Applause.]

I yield back the balance of my time.

The CHAIRMAN. The gentleman yields back three minutes.



Mr. ESCH. I yield 45 minutes to the gentleman from Wisconsin [Mr. LENROOT].

By unanimous consent, Mr. LENROOT was given leave to revise and extend his remarks in the RECORD.

Mr. LENROOT. Mr. Chairman, I intend to discuss chiefly the question whether the draftsman of this bill has expressed in proper phraseology the intention that the committee and the draftsman have; and I think before I get through I will be able to show that there are so many inaccuracies and absurdities in the bill as framed that it will be difficult, if not impossible, under the five-minute rule, to correct them.

But, Mr. Chairman, before going into that I do want to make a few preliminary general observations. The Interstate Commerce Commission has been charged with being responsible for the situation which existed that made it necessary for the Government to take over the railroads. I want to devote a few minutes to denying that charge, and think I will be able to show conclusively that the Interstate Commerce Commission is in no wise responsible for that condition.

It is true that railroad stocks have been going down, down, down for a long time past, but that is not due to the action of the Interstate Commerce Commission. It is due in very large part to the reckless mismanagement of some railroads in this country, like the New Haven, the Rock Island, the Frisco, and other roads, whereby the great majority of the roads that are well managed have been compelled to suffer with them, because the investing public has become suspicious of all railroad stocks.

Secondly, it has been because in the efforts of these railroads to get the Interstate Commerce Commission to increase their rates they have for years been maintaining that they were not securing adequate rates upon which to pay a fair return upon their property. In every railroad station in the United States for the past three or four years you have seen notices posted up warning the public that the railroads were facing bankruptcy because of the inadequate rates that they were receiving. In the face of statements of that kind was it to be wondered at that the investing public of America believed what the railroads said, and therefore hesitated to invest their money in railroad stocks? Why, gentlemen, if a department store here in the city of Washington should advertise to-morrow that it was facing bankruptcy and that it was not making a fair income, and then the next day in another advertisement should ask the public of Washington to buy its stock, would it be wondered at if the public refused to buy that stock? Of course not. Now, the results show that upon every application that has been made by the railroads to the Interstate Commerce Commission, where that commission has denied the application to raise the rates, subsequent events have justified the action of the commission. To prove that, I need only to point to the fact that whereas the railroads claimed that they were facing bankruptcy because of inadequate rates, the last two fiscal years, 1916 and 1917, were the most prosperous years in the history of the railroads. So that it is not correct to state that the necessity of taking over the roads was due to the action of the Interstate Commerce Commission.

But I do not for a moment mean to say that it was all due to lack of proper management upon the part of the railroads. There was one thing that Congress ought to have done just as soon as war was declared, and if we had had any independence in Congress, if we had had the courage to assert for ourselves the right to initiate legislation relating to the war, just as soon as war was declared we would have repealed the anti-pooling statutes relating to railroads during the existence of the war. But we have got into such a condition in both Houses of Congress that Congress does not dare initiate or suggest any legislation, but must wait for the President to initiate everything. But the President did not ever suggest to Congress that during the war the anti-pooling statutes should be repealed.

Another reason for the condition that arose is this: Last year Congress passed what was known as the priority statute, permitting the President to give orders for preference upon the railroads to commodities necessary to prosecute the war. The intention of Congress was good, the intention of Congress was to expedite the war. But how was it administered? Because of the absolute incompetency in the administration of that priority statute, instead of expediting the war it actually hampered it. And the fact is that upon one railroad, one of the main railroads of this country, the administrative side of this Government issued priority orders covering 85 per cent of the entire traffic of that road. Was it to be wondered at that there was chaos on that railroad, and the proof is that the moment Mr. McAdoo assumed the control of the railroads he repealed every priority order that had been issued.

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. LENROOT. Certainly.

Mr. COOPER of Ohio. Is it not a fact that there were four or five organizations here in Washington all issuing priority orders?

Mr. LENROOT. There were. I want to say in advance that there is so much ground to cover that I must decline to yield to interruptions. Another reason for the conditions that existed is that it was not because of lack of money that the railroads could not secure locomotive equipment; it was because of the inability to secure them, although they had plenty of money. The crying need in railway transportation of this country was locomotives. They gave their orders to the factories in this country for the construction of locomotives, but through the action of the Government preference was given to France, preference was given to England, and preference was given to Russia. That was justified at the time, but there was a time, months ago, when every preference order, so far as Russia was concerned, should have been repealed by the Government, and the American locomotive factories should have been permitted to go on and construct locomotives for American railroads, which they refused to do. [Applause.]

So when we come to analyze the cause for this congestion the fault is not wholly with the railroads, the fault is not wholly with Congress, the fault is not wholly with the administrative side of the Government, but the fault is with all three of these sources, and not that of the Interstate Commerce Commission.

Now, with reference to the bill I want to take a few moments on a few controverted propositions. First as to compensation: I believe that the compensation provided in this bill is extremely liberal; but, on the other hand, I am not at all certain that the compensation that is permitted in this bill is any greater than the railroads would be entitled to under the law. I can not go into that, but I do want to call attention to the fact that this bill as framed does not fix the compensation to which the railroads will be entitled; it fixes merely the maximum which the President may agree with the railroads to pay. That it is generous can easily be proven in the case of some railroads. I shall insert in my remarks a table prepared by the statistical division of the Interstate Commerce Commission, giving the returns upon capital stock of all railroads in the country paying over 5 per cent in dividends. If the President shall see fit to grant the maximum to railroads that this bill provides, he would grant to the Pennsylvania Railroad a return upon their capital stock of 8.92 per cent. To the Pennsylvania Company 11.90, to the Philadelphia & Reading 25.70, to the Delaware, Lackawanna & Western Railroad 32 per cent upon their capital stock. I shall not take the time to read the list, but I want to call attention to some of the smaller roads as to what they will be permitted to receive.

The Duluth, Missabe & Northern Railroad up in the section where I live would be entitled, if the President chooses to give the maximum which the bill permits, to receive 114 per cent on its capital stock.

Now, remember that this provision is permissive only. If the President sees fit to allow some of these railroads these exorbitant returns, that responsibility will be his and not ours. We have the right to assume that inasmuch as we will unquestionably have to pay many roads more than the returns provided, that the President in making these agreements will see to it that the maximum amount of some of these roads shall be cut down.

But some one may say, if these roads are legally entitled under the law to these great returns, ought they not to have it? In reply to that I will say that they may be legally entitled to that large return, but if they stand on their legal rights the President ought to stand on his rights, which is permitted in the bill, and say to them, "If you will not make a fair agreement with me, you can go into the Court of Claims and we will not pay you a dollar until they make an award."

Now, I want to say a few words about the power of the Interstate Commerce Commission to finally pass upon these rates or whether the President shall have the right, as is proposed in the bill as it now stands, to exercise that power. I want to read a line or two from the report of the committee. The majority report of the committee says:

The rate fabric of the country is now based upon the competitive system.

I understand that the gentleman who drafted this bill was not a Member of this House and was not a Member of the Senate, but one Mr. George W. Anderson, a new member of the Interstate Commerce Commission, and, as I think I shall be able to demonstrate a little later, anyone who could draft a bill with the inaccuracies that are found in the bill itself—it is not to be wondered at if mistakes might be made in the

report if it was written by the same gentleman. Because I can not believe that my good friend, the chairman of the committee, who has a thorough knowledge of railways and of the interstate commerce law, would deliberately make the statement that I have read—"the rate fabric of the country is now based upon the competitive system."

Why, the gentleman knows that the very purpose of the interstate commerce law was to prevent that competitive condition that arose before regulation.

Mr. SIMS. Will the gentleman yield?

Mr. LENROOT. Yes.

Mr. SIMS. Is it not a fact that the Interstate Commerce Commission is allowed to lower the rates—

Mr. LENROOT. Oh, if the gentleman will be patient, I assure him that I will discuss that question in a few minutes. I will come to it in a moment or two, but I want to take my own time and my own way in doing so. The competitive theory that the interstate commerce law was designed to prevent and did prevent was the old system, where, for instance, the Pennsylvania Railroad would go to a man in Washington that had a shipment to make and say, "If you will give it to our road, we will carry it for so much." The Baltimore & Ohio would go to the same man and say, "We will carry it cheaper than the Pennsylvania." That was one of the things that the law was designed to prevent.

That is one of the things which it was designed to prevent, and the very purpose and scheme, instead of compelling a competition of rates, was to secure uniformity of rates, and now I come to the question that the gentleman from Tennessee [Mr. Sims] asks. He says, Has not the Interstate Commerce Commission frequently permitted a lower rate where there is water competition? I say yes; but the gentleman does not seem to make the distinction between the Interstate Commerce Commission ordering a rate and permitting a rate, and the distinction ought to be made.

Mr. SHERLEY. But is not the gentleman making the mistake of confusing rebating with competition? They are not synonymous.

Mr. LENROOT. And I ask the gentleman, does he think that under existing circumstances the old practice can be continued? I am not speaking of rebating at all. Rebating means where they assume to charge the same rate and then pay back a portion of the rate charged.

Mr. SHERLEY. The illustration the gentleman used was certainly a rebating illustration.

Mr. LENROOT. It is not. A rebating instance is not where the Pennsylvania says, "I will carry your product for so much," and the Baltimore & Ohio says that it will do it for a lower rate. A rebating proposition is where they both on the face of it make the same charge, but one pays back a portion of the rate charged.

Mr. SHERLEY. That is not the only rebating situation. I do not want to take the gentleman's time—

Mr. LENROOT. I can not yield.

Mr. SHERLEY. Just one other suggestion, and I am through. Does not the gentleman think that most of the rates that are now in existence are rates that were initiated by the railroads, as the result of competition, but which have been in a manner modified here and there by the commission?

Mr. LENROOT. And I shall ask the gentleman—and he is one of the most distinguished men in the House—does he agree with the statement that the present railroad rates as a whole are based on competition?

Mr. SHERLEY. Yes; and no. I agree to it as much as I disagree with the gentleman's statement that they are not at all based on competition, because that statement is, in my judgment, just as far from the facts.

Mr. LENROOT. No; the Interstate Commerce Commission, in any order that it has ever made, never has made a rate saying to one railroad, "You must put into effect this rate so that you will compete with another rate."

Mr. SHERLEY. No; but it has permitted it because of competitive conditions.

Mr. LENROOT. And the gentleman then makes the distinction. The committee in this report is very clear that they contend the scheme of railroad regulation by Interstate Commerce Commission is to compel competitive rates. But there is a distinction between compelling competitive rates and permitting them.

Mr. SIMS. The gentleman does not want to insinuate that anybody has ever contended that there was a compulsory competitive rate system, but a permissive rate system—that is, one railroad may reduce its rates honestly and fairly, not simply to crush another, and it has the right to do so.

Mr. LENROOT. I may have gotten that idea from the gentleman's report, if it had not been that he stated later in the report that if we should give the Interstate Commerce Commission the right to control these matters it would be necessary to entirely rewrite the Interstate Commerce Commission law, because he says that law was based on competition, which is the thing that I deny.

Mr. SIMS. Yes; competitive agencies fighting for the freight. Mr. LENROOT. It permits competition, but it does not in any line or sentence command it. And again, and I can only take a moment upon this, the gentleman says in his report that there should be a different basis now that the railroads are under the control of the Government. But the gentleman's bill says that the basis of the rates fixed by the President shall be such rates as are reasonable and just, and he has used exactly the same language—the same words—that are used in the interstate-commerce act that is the guiding rule for the Interstate Commerce Commission. The rule is identical in both cases.

Mr. ESCH. With one exception. The bill uses the word "fair," and that is not used in the interstate-commerce act, and I have never been able to understand why it was used in the bill.

Mr. LENROOT. Nor I; and coming now to an analysis of the bill, I want to acquit the committee of any criticism that I shall make concerning the various sections of the bill, because I realize that the committee did not go over this bill section by section with a view of determining whether its phraseology expressed the intent that they had in the bill. That is conclusively proven, because many of the same errors I shall point out existing in the House bill now before the House are also found in the Senate bill now before the Senate. I realize very well that the committee spent all of its time practically in considering the great controverted questions in the bill, and they assumed that the drafter of this bill knew what he was about in drafting the bill, and all I care to say is that in that respect the committee, greatly as I respect them, have been the victims of misplaced confidence, as I think I shall be able to show. In the very first section of the bill it recites that the President, having in time of war taken over certain railroads, "called herein carriers," is authorized to agree with and guarantee to such carriers, and so forth. This is not very important, except to show the reckless carelessness upon the part of the drafter of the bill. What is it that the President took over? Did he take over the Pennsylvania Railroad Corporation? Did he take over any railroad corporation? No. He took over certain physical property and nothing more, and the drafter of this bill says that physical property that we have taken over we shall hereafter in the bill call "the carrier," and then he goes to say that the President is authorized to agree with such carrier to pay it so much money.

Why, gentlemen, if you give me the possession of a horse and I say to you, "I will agree to pay that horse so much for the use of it," what would you think of it? And yet that is exactly what has happened in this bill. We have agreed to pay an inanimate thing, physical property, make an agreement with physical property to pay it so much money. Then we go on two or three lines further and provide that during the period of such Federal control it shall receive a just compensation not exceeding an annual sum. Now, what is the agreement the President is authorized to make in this section? That they shall receive a fixed sum? No. The language is that he is authorized to agree with the Pennsylvania Railroad, we will say, that while your road is under Federal control I will guarantee that you will not get from the Government more than so much. What do you think that agreement would be worth? How much value do you think it would be to the railroads? What railroad do you think would enter into such an agreement as that? Now, I want to say that this absurdity is due to an amendment upon the suggestion of the committee, as I find from the hearings, made by the drafter of the bill, because in the first bill which was introduced we find no such anomaly. There it was provided that they shall receive as a just income the income at an annual rate equivalent to, and so forth. That was fixed, that was certain, but they have inserted here "not exceeding," and the purpose as developed from the hearings was to authorize the President to make any agreement that he might choose below that sum. In other words, that the authority to the President is that he shall not pay them more than so much under this agreement. Then we go on, "not exceeding an annual sum (herein called standard return)." Now, what is a standard return under the bill? It is this maximum sum that the President is authorized to fix, but later on all through the bill the standard return has been treated not as a sum which the Interstate Commerce Commission fixes, but a sum which the President is authorized to agree upon, so if the



President should agree with the Pennsylvania Railroad for a less sum than this maximum sum, that provision in the bill for reduction from the standard return would have no application whatever. Then—I only touch upon a few of these things—if you will turn to page 2, line 4, with reference to including the income of railroads leased to or acquired by another road during this three-year period, we find the language, "including therein such income of lines acquired by." "Such income." What does "such" refer to? The preceding language is, "they shall be entitled to the average annual operating income," and then it says, "but there shall be included such income." What? Such average annual operating income? That is impossible, because this bracket provides that it shall apply only to roads that are acquired during this period, and no such road can have a three-year income to secure an average.

Does it mean that all incomes of these roads shall be included? It can not mean that, because the theory of this bill is that only net operating railway incomes would be included. Evidently what the framers of the bill intended was that a road making operating returns in 1915 and acquired by another road in 1916 and 1917, the revenue from that acquired road would all be reflected in the operating return of the road acquiring it; but during 1916, when it did make operating return, the rate there should be added to the revenues of the road with which we are dealing—the revenues of that road during that period of 1915, and then, adding them all together and dividing by three, we get the standard return for the road with which we are dealing. But the bracket clearly does not say that and it could not be so considered. Then there is another very little matter—lines 11 and 12—in reference to the rate per annum to be fixed by the President from the cost of any additions or betterments, where we find the words, "less retirements or road extensions." You readily see it clearly was not the intention to have him deduct the cost of road extensions, but to allow them a rate per cent upon the cost of those road extensions; but as this reads, he would be compelled to deduct the cost of road extensions, and that is an error.

Mr. ESCH. It is a typographical error, owing to the misplacing of a comma. I called attention to it in the committee and thought it had been corrected, but evidently it is still retained in the print of the bill.

Mr. LENROOT. In lines 14, 15, and 16, "that any railway operating income accruing during the period of Federal control in excess of such standard return shall remain the property of the United States." Now what does that mean? Section 1 provides that this shall be payable in annual installments, thereby clearing implying that all revenues of these roads belong to the Government, but when you say "remain the property of the United States" you clearly get another conclusion. The original bill very properly said it should be the property of the United States, and I think there ought to be in this bill a clear declaration that all operating revenues shall be the moneys of the United States, and I shall offer at the proper time an amendment to that effect. Immediately following that, "in excess of such standard return." Suppose the President makes an agreement with the road for less than the standard return, and this language says that moneys in excess of the standard return shall remain the property of the United States. Whose money is it—the difference between the standard return and the amount that the President fixed in the agreement? Then, again it says, "and that each carrier so agreeing shall thereby become subject to all the provisions of this act." Later on there are many important provisions that are clearly intended, it seems to me from reading the hearings, to apply to all roads whether they are agreeing roads or not, and yet this language very clearly implies that the carrier is not bound by any of the provisions of this act unless he enters into an agreement, because it expressly says that the carrier agreeing to do that shall be bound by the provisions of the act.

Now, I have got to hurry along. I can only touch the more important points. But upon the same page it says:

In the computation of such income, debts and credits, arising from the accounts called in the monthly reports to the Interstate Commerce Commission, the equipment rents and joint facility rents shall be included.

Now, under the President's proclamation he has not taken over any street railway or interurban railway, and as their revenue will be included in the operating returns of these carriers the commission's duty will be to ascertain that standard return. There certainly should be a provision excluding from those operating revenues any revenue of any road that was not taken over by the Government.

And then on the same page the commission is limited in ascertaining the cost of betterments and road extensions to

reports, books, and other pertinent data of such character. Will anyone tell me that if the President orders a million dollars expended on betterments why the commission should be confined to the books and data of the railroad company to ascertain the cost? Ought they not to be permitted to find and ascertain that cost wherever they can?

Then the provision on page 3 with reference to taxes—and I am very much surprised to find the matter of taxes dealt with in this form:

Every such agreement shall provide that any Federal taxes—

And so forth. And it provides for the exclusion of war taxes, but you can not find one word in this bill relative to taxes except taxes upon agreeing roads. What about the roads that do not agree, that do not enter into an agreement? Who is to pay the taxes there? There is no prohibition in this bill. And under the classification accounts of the Interstate Commerce Commission, except for the exclusion by this bill of war taxes, every dollar will be included in the operating expenses, and under this bill the Government will pay the war taxes of any road that does not make an agreement.

And then—

not including, however, assessments for public improvements—

And so forth. That is not to be taken out of operating revenues. Why should it not? Are you going to deprive the municipalities throughout the Nation, who have levied special taxes against a railway, from collecting in the usual way those taxes, even though they be special assessments? Can anybody give any reason why that should be done? How will they collect them if they can not be paid out of operating revenues? Where we have taken over all the physical properties, all that there may be in the taxing jurisdiction that they can reach, is that property. What, of course, should be done is to permit the paying of those taxes, but instead of being charged to operating expenses they should be charged to betterments and capital account as they are now under the Interstate Commerce Commission.

Then, in section 2, and there are many matters I have to pass over—in section 2:

That if no such agreement is made the President may nevertheless pay to any carrier while under Federal control an annual amount, payable in reasonable installments, not exceeding 90 per cent of the estimated annual amount of just compensation.

I want to ask why there should not be the same maximum of standard return that the President is authorized to pay voluntarily in this case that there is in the case where the railroads agree? The same limitation should be placed upon the President.

And then, in section 3:

Failing such agreement, either the United States or such carrier may file a petition in the Court of Claims for the purpose of final ascertainment of the amount of such just compensation.

I merely want to call attention here to the fact that the bill contemplates betterments and improvements being made from time to time, and it should be provided that the Court of Claims may open that award and revise it at any time where the President may be unable to agree upon the compensation that they receive.

And then in the very next section they provide:

That the just compensation that may be determined as hereinbefore provided by agreement or that may be adjudicated by the Court of Claims shall be increased by an amount reckoned at a reasonable rate per centum to be fixed by the President upon the cost of any additions and betterments.

Is there any lawyer in the House who will say that the return the carrier is entitled to receive upon the cost of betterments and additions is not just as much a judicial question, that the President can not be given power to finally determine, as the initial question, as to the amount of compensation that the railroad should receive? Of course, we can not delegate to the President any such power as that which is attempted in this section.

And again, in section 5, here is a prohibition upon the dividends that may be paid by railroads during the period of Federal control. I would like to have some lawyer in this House tell me what authority we have to say to any carrier that it shall not pay dividends during this period of Federal control, dividends that have been earned, it may be, and to be paid out of earnings that may have been made prior to the date of taking over under Federal control. What possible power have we over it? It is their money. What right have we to deal with it? And, indeed, it is very questionable whether we have any power to deal with their right to pay dividends out of this compensation that we pay them. They are entitled under the law to a reasonable compensation for the value of the use. I very much doubt

whether we have any right to say what they shall do with the money that the law says they are entitled to receive.

I want to stop at section 9 for a moment, which relates to the short-line railroads. I asked some questions about that during the debate, and was told that that clearly did restrict the power of the President that he might otherwise have. But, then, we come in the next section to—

That nothing herein contained shall be construed as modifying or restricting the powers heretofore conferred upon the President.

What does that mean? In the very section preceding that they tell us they have restricted the powers of the President, and in the second line of the next section they say that nothing in this act shall be construed as doing that which they have in the section before tried to do.

Then, in section 11, and a most important section, it gives to injured individuals the right to sue these railroads. But on line 2 of page 12 we find that, if it is inconsistent with any order of the President they shall not have the right to sue. What does that mean? It means the President, under the language of this bill, can absolutely deny any relief to any injured party. It means more than that. It means that if the President says that under the interstate-commerce law safety-appliance laws are violated, if hours of service are violated, if injury occurs through the negligence of the Director General of the Railroads himself, there can be no remedy if the President so orders. Why, gentlemen, here is a power expressly recognized, that makes the President over and above not only this law but all laws, and it ought not to be considered for a single moment. So upon the question of interstate commerce. The committee report pleads that the President ought not to be overruled, that it would be "most unseemly"—I think that is the language—to permit the Interstate Commerce Commission to overrule him.

I want to say a word about the powers of the President. The President of the United States has no power, under this law, or under the law delegating to him the power to take over the railroads, that he exercises by virtue of his office in the sense that it is delegating to him a power that we could not delegate to anybody else. We could delegate this power to any official of the United States, and in carrying out this act the President is exercising only a delegated power, and in exercising that delegated power he is no greater by being President of the United States than the Interstate Commerce Commission. I hope we have not come to the point yet in this country where we are going to invoke the old doctrine that "the King can do no wrong." [Applause.] That seems to be the attitude of the committee.

Then they provide that no defense shall be made thereto on the ground that the carrier is the instrumentality or agency of the Federal Government. I am sure that there is not a lawyer who will say, upon reflection, that that would stand before any court in the country in a case where, except for this, they would have the right to interpose that defense.

Supposing, for instance, the Director General of the railroads orders a railroad to put defective cars in its trains, and because of that defect an employee is injured, and then he sues the carrier, and you say to the carrier, "You shall not interpose the defense that you are an instrumentality or agency of the United States." Have you not attempted to deprive the defendant of the constitutional right of proving that the fact of negligence was not that of himself, but that of his superior acting under a lawful order?

Oh, the gentleman from Tennessee [Mr. SIMS] shakes his head. But I undertake to say that the gentleman can find no case in the books that will make the agent liable for the negligence of the principal in this kind of a case so as to relieve the principal.

Now, there is only one way in which that can be cured, to my mind, and that is by adding a provision to the effect that any judgment or award that may be made as the result of such suit shall be paid either out of the operating revenue or the revolving fund, so that the railroad company will become only a nominal defendant and thereby it will not be permitted to make this defense.

Mr. SIMS. There is no controversy on that, that I know of.

Mr. LENROOT. I do not find it in the gentleman's bill, so I suppose there is some question about it.

Mr. SIMS. As to everything that we did not prohibit or that comes in the law, we did not have to detail it in all its ramifications.

Mr. LENROOT. Do you say the railroad is not liable for the enforcement of the judgment that otherwise would not be rendered against it? I will have an amendment to offer when the time comes, if I can get consideration of it.

Mr. DECKER. Mr. Chairman, will the gentleman yield?

Mr. LENROOT. Yes.

Mr. DECKER. I do not understand that it is not payable out of the operating expenses of the road.

Mr. LENROOT. For the reason that the judgment may be levied upon nonoperating revenue. If the negligence is not that of itself, but that of the Government, it can not be deprived of making that defense unless we expressly provide for the payment of the award in the manner I suggest. That is the point. [Applause.]

I am sorry that because of the expiration of my time I can not discuss other matters in the bill. I insert the table referred to in the early part of my remarks. I also insert some suggested amendments to perfect the bill.

Road.	Capital stock actually outstanding (average for the 3 years ended June 30, 1917).	Average net income for the 3 years ended June 30, 1917.	Average per cent of net income to capital stock.
<b>EASTERN DISTRICT.</b>			
Pennsylvania R. R. Co.	\$499,195,567	\$44,534,939	8.93
New York Central R. R. Co.	249,676,128	32,367,269	12.96
Baltimore & Ohio R. R. Co.	210,899,812	12,285,229	5.83
Pennsylvania Co.	80,000,000	9,537,859	11.92
Philadelphia & Reading Ry. Co.	42,481,700	10,916,875	25.70
Delaware, Lackawanna & Western R. R. Co.	42,320,403	13,890,569	32.90
Pittsburgh, Cincinnati, Chicago & St. Louis R. R. Co.	67,511,723	4,558,593	6.75
Lehigh Valley R. R. Co.	60,608,003	7,169,999	11.83
Cleveland, Cincinnati, Chicago & St. Louis Ry. Co.	57,027,280	5,048,902	8.85
Michigan Central R. R. Co.	18,736,400	3,493,464	18.48
Central R. R. Co. of New Jersey	27,436,800	5,558,775	20.25
Delaware & Hudson Co.	42,502,600	5,437,547	12.79
Philadelphia, Baltimore & Washington R. R. Co.	25,571,000	2,941,156	11.50
Pittsburgh & Lake Erie R. R. Co.	31,991,200	7,537,923	23.56
Elgin, Joliet & Eastern Ry. Co.	10,000,000	945,239	9.45
Maine Central Ry. Co.	18,199,317	1,005,075	8.82
Buffalo, Rochester & Pittsburgh Ry. Co.	16,500,000	1,500,021	9.45
Bessemer & Lake Erie R. R. Co.	500,000	3,234,080	647.22
Chicago & Erie R. R. Co.	100,000	70,449	70.45
Hocking Valley Ry. Co.	10,999,500	1,313,129	11.94
West Jersey & Seashore R. R. Co.	10,317,983	691,139	6.70
Central New England Ry. Co.	8,547,200	717,559	8.40
New York, Philadelphia & Norfolk R. R. Co.	2,301,000	803,308	35.74
Rutland R. R. Co.	9,150,320	575,651	6.29
Bangor & Aroostook R. R. Co.	4,079,067	337,803	8.28
Cumberland Valley R. R. Co.	5,335,550	1,280,684	24.01
Kanawha & Michigan Ry. Co.	9,001,000	991,605	11.02
Lehigh & New England R. R. Co.	6,003,000	819,722	13.66
Chicago, Terre Haute & Southeastern Ry. Co.	4,310,000	234,761	5.46
Lehigh & Hudson River Ry. Co.	1,310,000	374,915	27.98
Monongahela Ry. Co.	3,800,333	351,809	9.26
Cincinnati Northern R. R. Co.	3,000,000	288,573	9.65
Port Reading R. R. Co.	2,000,000	182,547	9.13
Trois-Rivières & Lake St. Lawrence R. R. Co.	1,428,000	348,020	24.37
Buffalo & Susquehanna R. R. Corporation	7,000,000	496,272	7.09
Staten Island Rapid Transit Co.	500,000	160,119	32.02
Detroit & Mackinac Ry. Co.	2,950,000	218,976	7.42
Total eastern district	1,593,322,780	182,021,748	11.48
<b>SOUTHERN DISTRICT.</b>			
Illinois Central R. R. Co.	109,288,114	12,363,882	11.33
Louisville & Nashville R. R. Co.	72,000,000	12,058,800	16.75
Norfolk & Western Ry. Co.	135,880,887	17,342,810	12.81
Chesapeake & Ohio Lines	62,788,000	5,848,481	9.31
Atlantic Coast Line R. R. Co.	68,734,700	7,424,004	10.83
Central of Georgia Ry. Co.	20,000,000	1,878,570	9.39
Nashville, Chattanooga & St. Louis Ry.	15,994,831	2,175,426	13.60
Mobile & Ohio R. R. Co.	6,016,890	888,067	14.76
Cincinnati, New Orleans & Texas Pacific Ry. Co.	5,443,400	2,448,928	44.96
Florida East Coast Ry. Co.	10,833,333	1,000,321	10.06
Alabama Great Southern Ry. Co.	11,210,353	1,364,246	12.17
New Orleans & North Eastern R. R. Co.	6,000,000	640,449	10.77
Richmond, Fredericksburg & Potomac R. R. Co.	4,315,067	979,486	22.70
Georgia Southern & Florida Ry. Co.	3,788,000	222,180	5.90
Charleston & Western Carolina Ry. Co.	1,200,000	200,036	21.67
Gulf & Ship Island R. R. Co.	7,000,000	373,070	5.33
Alabama & Vicksburg R. R. Co.	2,100,000	360,784	17.18
Washington & Southern Ry. Co.	4,000,000	348,841	8.72
Atlanta & West Point R. R. Co.	2,483,800	282,922	11.89
Western Railway of Alabama	3,000,000	251,851	8.39
Total	551,745,082	68,630,910	12.37
<b>WESTERN DISTRICT.</b>			
Atchafalpa, Topeka & Santa Fe Ry. Co.	332,323,877	32,239,091	9.70
Southern Pacific Co.	272,785,239	17,983,726	6.60
Chicago, Milwaukee & St. Paul Ry. Co.	233,235,167	14,336,613	6.15
Chicago, Burlington & Quincy R. R. Co.	110,839,100	24,444,045	22.05
Chicago & North Western Ry. Co.	157,591,852	10,040,315	10.18
Great Northern Ry. Co.	249,361,868	24,021,687	9.63
Northern Pacific Ry. Co.	247,932,000	24,287,781	9.87
Union Pacific R. R. Co.	321,835,100	31,018,328	9.64
Minneapolis, St. Paul & S. Ste. Marie Ry.	37,810,200	4,571,790	12.09
Oregon Short Line R. R. Co.	100,000,000	9,351,016	9.38



Road.	Capital stock actually outstanding (average for the 3 years ended June 30, 1917).	Average net income for the 3 years ended June 30, 1917.	Average per cent of net income to capital stock.
WESTERN DISTRICT—continued.			
Texas & Pacific Ry. Co. (Rec.)	\$38,755,110	\$2,548,330	6.58
Chicago, St. Paul, Minneapolis & Omaha Ry. Co.	29,815,000	2,854,452	9.57
Duluth, Missabe & Northern Ry. Co.	4,112,500	4,683,088	114.12
El Paso Southwestern Co.	25,000,000	2,190,198	8.76
Houston & Texas Central R. R. Co.	10,000,000	1,088,368	10.88
Duluth & Iron Range R. R. Co.	5,333,333	2,040,987	38.27
Fort Worth & Denver City Ry. Co.	9,243,800	1,297,029	14.03
Panhandle & Santa Fe Ry. Co.	604,500	389,097	64.37
St. Louis, Brownsville & Mexico Ry. Co.	500,000	263,544	52.71
Chicago, Rock Island & Gulf Ry. Co.	469,000	83,685	17.84
Bingham & Garfield Ry. Co.	6,171,667	1,405,681	22.78
Louisiana Western Ry. Co.	3,360,000	802,684	23.89
Nevada Northern Ry. Co.	2,000,000	879,907	43.99
Vicksburg, Shreveport & Pacific Ry. Co.	4,999,300	299,634	5.99
Houston East & West Texas Ry. Co.	1,920,000	234,199	12.20
Cripple Creek & Colorado Springs Ry. Co.	757,000	171,612	22.67
Colorado & Wyoming Ry. Co.	100,000	162,636	162.64
Wichita Valley Ry. Co.	1,020,000	117,936	11.56
Arizona & New Mexico Ry. Co.	2,770,000	237,614	8.58
Total.	2,210,635,611	220,076,073	9.96

## AMENDMENTS INTENDED TO BE PROPOSED.

Page 1, line 6, strike out the words "called herein carrier" and the parentheses.

Page 1, line 7, strike out the words "any such carrier" and insert "the owner of any such railroad or system."

Page 5, after line 19, insert a new paragraph, as follows:

"Wherever used in this act the word 'owner' includes any person, corporation, partnership, or association who, during any portion of the period of Federal control of a railroad or system of transportation would be entitled to the possession, use, and control of such railroad or system in the absence of Federal control thereof. Wherever in this act reference is made to the period of Federal control in connection with an owner, it shall be taken to refer to the portion of such period during which such owner, but for such Federal control, would have been entitled to the possession, use, and control of the railroad or system of transportation."

Page 1, lines 7 and 8, strike out the words "making operating returns to the Interstate Commerce Commission" and insert "for which operating returns were made to the Interstate Commerce Commission during the three years ending June 30, 1917."

Page 2, strike out all after the semicolon in line 14, through the semicolon in line 16.

Page 7, after line 21, insert a new section numbered "5" and to read as follows:

"Sec. 5. That moneys and other property derived from the operation of the railroads or systems of transportation during Federal control are hereby declared to be the property of the United States. Unless otherwise directed by the President, such moneys shall not be covered into the Treasury, but such moneys and property shall remain in the custody of the same officers and the accounting thereof shall be in the same manner and form as before Federal control. Disbursements therefrom shall, without further appropriation, be made in the same manner as before Federal control, and for such purposes as under the Interstate Commerce Commission classification of accounts in force on December 27, 1917, are chargeable to operating expenses or to railway tax accruals, and for such other purposes in connection with Federal control as the President may direct, except that taxes under Titles I and II of the act entitled 'An act to provide revenue to defray war expenses, and for other purposes,' approved October 3, 1917, or any act in addition thereto or in amendment thereof, shall be paid by the owner out of his own funds. If Federal control begins or ends during the tax year for which any taxes so chargeable to railway tax accruals are assessed, the taxes for such year shall be apportioned to the date of the beginning or ending of such Federal control and disbursements shall be made only for that portion of such taxes as is due for the part of such tax year which falls within the period of Federal control."

"Such custody and disbursement shall, however, be subject to the direction of the President, and all officers and employees having custody or control of any of such moneys or property shall be subject to all criminal laws regarding the custody and control of public moneys or property so far as not inconsistent herewith."

"At such periods as the President may direct the books shall be closed and the balance of revenues over disbursements shall be covered into the Treasury of the United States to the credit of the revolving fund created by this act. If such revenues are insufficient to meet such disbursements, the deficit shall be paid out of such revolving fund in such manner as the President may direct."

Page 2, strike out all after the word "States," in line 16, through the word "act," in line 18, and, on page 5, after line 19, and before the paragraph inserted by a previous amendment, insert the following as a separate paragraph:

"The agreement shall also provide that the owner shall accept all the terms and conditions of this act and any regulation or order made by or through the President under authority of this act or of that portion of the act entitled 'An act making appropriations for the support of the Army for the fiscal year ending June 30, 1917, and for other purposes,' approved August 29, 1916, which authorizes the President in time of war to take possession, assume control, and utilize systems of transportation; and that in case of failure to observe such terms and conditions or such regulations or orders, any further payments under the agreement may be suspended or forfeited."

Page 2, line 21, before the period, insert a comma and the following: "but debits and credits arising from the operation of such street electric passenger railways, including railways commonly called interurbans, as are at the time of the agreement not under Federal control shall be excluded."

Page 2, line 24, to page 3, line 1, strike out "from the reports, books, and other pertinent data of such carrier."

Page 3, line 5, to page 4, line 2, strike out the whole paragraph and insert:

"Every such agreement shall provide that all taxes assessed for the period of Federal control (which but for such Federal control would under the Interstate Commerce Commission classification of accounts in force on December 27, 1917, be deducted from 'net income from railway operations' in determining 'railway operating income') shall, except as hereinafter provided, be paid from operating revenue or, if that is insufficient for the purpose, then from the revolving fund created by this act; that if Federal control begins or ends during the tax year for which any taxes may be assessed, the taxes for such year shall be apportioned to the date of the beginning or ending of such Federal control, and the foregoing provisions shall apply only to that portion of such taxes which is due for the part of such tax year which falls within the period of Federal control; and that the owner shall pay from his own funds all other taxes, including the taxes under Titles I and II of the act entitled 'An act to provide revenue to defray war expenses, and for other purposes,' approved October 3, 1917, or any act in addition thereto or in amendment thereof."

Page 4, after line 23, insert a new paragraph to read as follows:

"Every such agreement shall also provide that each owner shall receive during the period of Federal control an annual sum equivalent to a fair percentage upon the cost of additions and betterments, less retirements and road extensions, made on or in connection with such railroad or system during the period of Federal control by the owner, with the approval or by the order of the President, plus a fair percentage upon the amount expended by the owner, during the period of Federal control for taxes chargeable under the Interstate Commerce Commission classification of accounts in force on December 27, 1917, to investment in road and equipment and for assessments for public improvements. Such fair percentage in the case of expenditures made out of borrowed money shall be equal to the rate at which such money is borrowed, and in other cases shall be fixed by the President at the time the expenditure is made. The cost of such additions, betterments, and road extensions, the amount of such retirements, and the amounts expended for such taxes and assessments shall be ascertained by the Interstate Commerce Commission and certified by it to the President. The amounts so certified shall, for the purpose of the agreement, be conclusive."

Page 4, after line 23 (and after the paragraph already inserted), insert a new paragraph to read as follows:

"Every such agreement shall also provide that the United States will pay to the owner any loss accruing to such owner by reason of any additions, betterments, or road extensions made during the period of Federal control by the President, or made during such period at the order of or with the approval of the President by such owner or by the person, corporation, partnership or association entitled to the possession, use, and control of the railroad or system of transportation at the time such additions, betterments, or road extensions are made. The amount of such loss shall be ascertained by the Interstate Commerce Commission and certified by it to the President. The amount so certified shall, for the purpose of the agreement, be conclusive."

Page 6, line 1, after the period insert:

"The estimated annual amount of just compensation, in the case of an owner with whom the President is authorized to agree under section 1, shall not exceed the annual amount which he is authorized under that section to agree that the owner shall receive."

Page 6, line 1, strike out all after the period through the word "and" in line 3.

Page 6, line 3, strike out all beginning with the comma, through line 5, and insert a period and the following:

"The acceptance of any benefits under this section shall constitute an acceptance by the owner of all the provisions of this act and shall obligate the owner to pay to the United States, with interest at the rate of 6 per cent per annum from a date or dates fixed in proceedings under section 3, the amount by which the sums received under this section exceed the sum found due in such proceedings."

Page 6, line 18, after the period insert the following:

"In case of disobedience to a subpoena, the board may invoke the aid of any district court of the United States in requiring the attendance and testimony of witnesses and the production of documentary evidence, and such court within the jurisdiction of which such inquiry is carried on may, in case of contumacy or refusal to obey a subpoena issued to any person, corporation, partnership, or association, issue an order requiring appearance before the board, or the production of documentary evidence if so ordered, or the giving of evidence touching the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof."

Page 7, line 9, strike out the word "final" and at the end of line 12 insert the following:

"The Court of Claims shall have jurisdiction to render its award in such form as it may deem proper and to provide for the reopening of its award, and for the award of such further compensation as may be found due because of conditions arising after the making of the original award."

Page 9, lines 6-12, strike out the entire paragraph and insert the following:

"If, in proceedings under section 3, neither the award of the Court of Claims nor the agreement makes provision therefor, the President may nevertheless pay, if he deems it just, out of the revolving fund (to the owner of any railroad or system of transportation or to any person, corporation, partnership, or association, who at the termination of Federal control of such railroad or system is or will become by reason of rights existing at such time entitled to the possession, use, and control thereof) any loss accruing by reason of any additions, betterments, or road extensions on or in connection with such railroad or system of transportation made during the period of Federal control by the President or made during such period by the owner at the order or with the approval of the President."

Page 9, line 21, strike out all of the line and through the period on line 9 of page 10 and insert the following:

"Sec. —. That an owner may, during the period of Federal control, issue only such bonds, notes, equipment trust certificates, stock, and other forms of securities, secured or unsecured by mortgage, as the President may approve as consistent with the public interest. The President may, out of the revolving fund, purchase for the United States all or any part of such securities at prices not exceeding par, and thereafter any securities so purchased shall be held by the Secretary of the Treasury, who shall, under the direction of the President, represent the United States in all matters in connection therewith in the same manner as a private security holder. Any income from such



securities shall be covered into the Treasury as miscellaneous receipts. The President may direct that such securities, or any portion thereof, be sold whenever in his judgment it is desirable, at prices not less than the cost thereof, and the proceeds of such sale shall be covered into the Treasury as miscellaneous receipts."

Page 10, after line 25, insert a new paragraph, to read as follows: "No person employed in connection with the operation of railroads or systems of transportation under Federal control (except those persons referred to in the preceding paragraph of this section) shall be deemed to be an officer or employee under the United States for the purpose of Title II of the act entitled 'An act to provide revenue to defray war expenses, and for other purposes,' approved October 3, 1917, commonly called 'war excess-profits tax,' nor shall he be deemed to be a civil employee of the United States within the meaning of the act entitled 'An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes,' approved September 7, 1916."

Page 11, line 1, strike out the words "nothing in this act shall be construed to" and insert "the President in the exercise of the authority given to him by this act or by the act entitled 'An act making appropriations for the support of the Army for the fiscal year ending June 30, 1917, and for other purposes,' approved August 29, 1916, shall not."

Page 11, section 10, strike out the first sentence.  
Page 12, line 2, strike out the words "or with any order of the President."

Page 12, line 11, at the end of the line insert the following: "The President shall by regulation provide for the payment, out of the operating revenue derived from Federal control, or if that is insufficient, out of the revolving fund, of any judgments or awards and for the enforcement of any decrees or orders that may be rendered against such owners in any suit of such a character that but for Federal control (a) could be brought against the owner of any railroad or system of transportation, and (b) any amount paid in compromise thereof or in satisfaction of a judgment or decree therein that could be charged to operating expenses or to railway tax accruals under the Interstate Commerce Commission classification of accounts in force on December 27, 1917. The President shall also provide for the payment, out of operating revenues or out of the revolving fund, of any loss accruing to any owner by reason of any process levied against any property of such owner in connection with any suit of the character above described."

Page 15, strike out all of lines 6 and 7 and insert the following: "the termination of Federal control of the railroads or systems of transportation affected by such judgment or decree."

Page 16, after line 4, insert a new section to read as follows: "Sec. —. That if any provision of this act or the application of such provision to certain circumstances is held unconstitutional the remainder of the act and the application of such provision to circumstances other than those as to which it has been held unconstitutional shall not be affected thereby."

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. SIMS. Mr. Chairman, I yield 40 minutes to the gentleman from Texas [Mr. RAYBURN], a member of the committee.

The CHAIRMAN. The gentleman from Texas is recognized for 40 minutes.

Mr. RAYBURN. Mr. Chairman and gentlemen of the committee, when this discussion started I did not intend to take any time under the general debate, preferring to use what time I did use under the five-minute rule. But on account of some statements that have been made and some arguments that have been made, especially about two controverted points in this bill, I thought I would probably want more than five minutes in which to discuss them, and I did not want to ask for an extension of time under the five-minute rule.

I am one of those, Mr. Chairman, who believe that in this time of war, when we have pledged the President of the United States every resource of the Government toward the prosecution of this war, we should grant to the President every necessary power in legislation that he asks.

I have so voted, and according to my conception of that theory I shall vote upon this bill and upon every amendment proposed to this bill. And I want to say here and now, with as much emphasis as I can command, that if this war is not carried on successfully, if there are any mistakes made, it will not be the fault of the Congress of the United States, for the simple reason that every necessary power that this administration has asked for, every necessary dollar and more that this administration has asked for since the declaration of war has been generously and with alacrity provided for. [Applause.]

I therefore am in favor, as my colleagues are in favor, of granting in this bill the necessary legislation, after we have given the President the right to take the railroads. After he has taken the railroads that question admits of no debate. The question of whether or not the President should have taken the railroads under the law passed authorizing him to take them is not a question here now. The President or the Government of the United States under our action has taken over the railroads of this country. Under this bill and under our action here it is our purpose and it is our duty to give the legislation that is necessary in order that he may carry out successfully the operation of these railroads during these war times.

And another thing that I want to emphasize in the beginning of the few remarks I shall make is that I do not want this House to forget during the consideration of this bill, either under general debate or under the five-minute rule, that this

is a war measure, and that its operation should terminate as soon after the close of the war as is possible. [Applause.]

I shall vote for this bill, and I have tried to perfect it upon that theory, and upon that theory only. It is not candid for men to get up before this House and say that since we have taken over the railroads under only one power, and that is the war power, we should hold them after the war to try one nostrum after another. [Applause.] I therefore shall vote for a limitation of time.

There are three important provisions of this bill, I think. One is the question of compensation, another is the question of the power to make rates and who shall exercise that power, and the other is the time after the war at which we should turn these railroads back to their owners.

I believe, Mr. Chairman, that the compensation provided in this bill is as nearly just as we could make it. I do not believe that we are more than just to the railroads of this country at this time. I believe that the compensation provided in this bill, taking the average of the three years' earnings of the railroads, is just, as nearly as we can get it, both to the Government and to the railroads. I therefore shall support that section of this bill in its present form, unless I hear arguments more forceful against its passage than any that I have heard up to this time. We have taken the property of these people under a law passed by this Congress—not of their asking. We have taken these properties under that law, not because they asked that they be taken, but because the President of the United States believed that after all of the congestion that we had had, after all of the tying up of the roads of this country, it was absolutely the only thing that could be done. That was to take the railroads under the law that we had passed and to operate them.

For 30 years in the different States of this country and since 1887 the different State commissions and the Interstate Commerce Commission have been built up. As I said in the outset, I believe that every necessary power should be granted to the President to manage this situation. I do not believe that the power for the President to initiate rates and that the rate he initiates shall be final is a power necessary to the successful operating of the railroads by the President during this war time. It may be that the President should have the power and the right in special cases, for the movement of troops and supplies for the Army and the Navy, to make rates and to make them final for those specific cases, and I am willing to grant him that power. The amendment that I offered to this bill in the committee, which was lost on a vote of 9 to 9, a tie vote, provided that the President of the United States in special cases might finally fix the rates as to the transportation of anything that affected the movement of the Army and Navy and the supplies for the Army and Navy; but it said that as for other rates and for general rates the same powers that had controlled them in the past should control them during this war time. Men said that that amendment was a reflection upon the President of the United States; that he, representing the people, would have uppermost in his mind the best interests of all the people of the land. Nobody subscribes more fully to that doctrine than I do. Nobody has greater faith in the Director General of Railroads and in his great ability than I have. But I know that neither the Director General nor the President of the United States will have time to try this case as it should be tried before rates are to be initiated and put into effect. They will both be compelled to consult somebody, some man or set of men who are or should be experts on these matters. Who, then, would say that the Interstate Commerce Commission is not the proper body whose advice should be sought? We should give the President power to initiate rates; and who argues that when the President initiated a rate and suggested to the commission that he believed a certain rate was fair, reasonable, and just that that argument would not be very persuasive with the commission and would be adopted unless it could be proven that it was most unjust and injurious?

Mr. BORLAND. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. BORLAND. The gentleman, as I understand it, endeavored to get a provision into the bill giving the President the power to fix rates only as to supplies and leave the rates for all other commodities to be fixed as at present. Is that the idea?

Mr. RAYBURN. No.

Mr. BORLAND. What was the statement that the gentleman made?

Mr. RAYBURN. I said that the President's order would be final in a case like that, that he would not have to go to the Interstate Commerce Commission; but as a general proposition I want the President, having the railroads now and being in the position that the railroads have formerly been, to occupy the



same position with reference to rates that the railroads have formerly occupied with reference to rates, and leave the final passage upon the reasonableness and justice of the rates to the Interstate Commerce Commission, where it has been in the past.

Mr. BORLAND. Then I correctly understood the gentleman.

Mr. RAYBURN. I agree that the President should be allowed to initiate all rates, but I say that the Interstate Commerce Commission should have the veto power upon them the same as it has now, except as to rates for the Army and Navy and for supplies for them.

Mr. BORLAND. Then I correctly understood the gentleman that he made a distinction between rates affecting the movement of troops and supplies and general commodity rates?

Mr. RAYBURN. Yes.

Mr. BORLAND. Then where does the gentleman make that distinction, in view of the wide control that is now exercised over all industrial operations in this country? Would he include fuel? Would he include wheat? Would he include cotton? Where would he make his distinction as to what constituted supplies for the troops?

Mr. RAYBURN. I would not enumerate. I think it is pretty generally understood what supplies are necessary for the Army and the Navy. I think that is pretty generally understood among the people.

Mr. BORLAND. I have not been able to distinguish what was necessary as supplies for the Army and Navy. They embrace pretty nearly everything that this country produces.

Mr. RAYBURN. Oh, well, by the same course of reasoning you could broaden anything to cover everything upon the earth. That provision in this bill ought to be amended, or ought to be stricken out of the bill. This provision in the bill with reference to rates provides that the President can initiate the rates, that they go into effect, but if anybody within 30 days files a complaint the Interstate Commerce Commission can give a full hearing and make a report, but that that report will have no effect except to be persuasive, probably. I do not believe that two departments of this Government should be set in that position toward each other, or that when the President initiates a rate and puts it into effect the Interstate Commerce Commission should come along, without any power to set that rate aside, but simply to hear the case and to report a criticism upon the action of the President of the United States. If somebody besides the movers of this bill had proposed an amendment like that, the men who support this bill in its present form would have said, "You are reflecting upon the President of the United States, and you are giving a branch of the Government the power and the facility and the right to set up a criticism of the President of the United States."

Just one thing further. My friend from Missouri [Mr. DECKER], after complimenting the Interstate Commerce Commission in the fullest terms, when he was talking about this question of compensation, whether it was reasonable and just, said, "What are you going to say to the people about this compensation when you go back home? I am going to tell them that for 30 years we have built up the great Interstate Commerce Commission, in whom all the people have all faith and all confidence. They set these rates under which the railroad companies made these millions of dollars. I believe that they were just and reasonable." I am going to say, further, when I go back home to my people, that I have faith in this commission, that I have faith in its honesty and integrity when it set these rates, and I am going to say further to them that I voted to leave the power to set the rates in the future in the hands of the Interstate Commerce Commission. [Applause.]

Mr. MCKENZIE. Will the gentleman yield?

Mr. RAYBURN. I yield to the gentleman.

Mr. MCKENZIE. I do not like to take up the gentleman's time, but in the case he has stated of the President fixing the rates, the shipper takes an appeal to the Interstate Commerce Commission and the Interstate Commerce Commission finds it is unreasonably high, what recourse has the shipper under this bill?

Mr. RAYBURN. Not any. Perhaps he might go into the court at a great deal of expense, and if he won out it would cost him more than the difference in the rate. I do not say what I have said about the rate-making proposition in criticism of anybody, because my confidence and faith in the Director General and the President is as high as that of anyone.

Mr. HARDY. Will the gentleman yield for a question?

Mr. RAYBURN. I will.

Mr. HARDY. Does not the gentleman think that under the amendment he proposed in the committee, if it had been adopted, that it would have raised a great number of questions as to

whether the President had final authority in particular instances or not?

Mr. RAYBURN. That is the same question asked before by the gentleman from Missouri [Mr. BORLAND]. It would raise a question, but not as serious as it would to this system which has grown up through a great administration to be wiped out at one fell swoop.

Mr. HARDY. The gentleman does not quite get my question. Would you not have questions arising as to what were war commodities and supplies, and would you not have infinite controversy between those who contended that certain things were war supplies and others were not, and would you not have confusion worse confounded?

Mr. RAYBURN. I thought if I offered that amendment I might preserve a little of what I wanted to preserve so much, and that was the power of the Interstate Commerce Commission to fix these rates.

Mr. DEWALT. Will the gentleman yield?

Mr. RAYBURN. I will yield to the gentleman from Pennsylvania.

Mr. DEWALT. Has the gentleman in proposing his amendment taken into consideration the powers conferred upon the President by the act of 1916?

Mr. RAYBURN. As to taking over the railroads?

Mr. DEWALT. The wording of the act of 1916—and I say this to elucidate the gentleman's argument—is that he shall take over possession and control of any system of transportation not only for the purpose of transporting the troops, war material, and equipment, but for such other purposes connected with the emergency as may be needful and desirable.

In that connection, has the gentleman in considering his amendment taken into view what the word "control" means in law? The word "control" in law is a synonymous with management, and management is defined to mean direct control, governmental administration, or overseeing. Manage means direction, control, Government administration, and overseeing. Webster defines it as meaning to have under control and direction, to conduct, to guide, to administer, to handle. Now, the act of 1916 which stands upon the statute books gives the President the power to control, to take possession of the road. Control means to administer, and control is not confined to the transportation of troops, munitions of war, but to other things involved in the prosecution of the war. If control means to administer, I take it that under the act of 1916 he has the right to fix the rate.

Mr. RAYBURN. I do not care what the act of 1916 gives the President the power to do after he takes the railroads. We are passing another law now. I would not be willing to say that under that act if we did not pass any other legislation that the President would not have the power, but I am talking about the legislation that we have before us and the amendment which I wanted to get on this legislation to make certain language mean a certain thing.

Mr. DEWALT. The gentleman's amendment would be in effect repealing the act of 1916.

Mr. RAYBURN. I am not willing to admit that. I am not saying that he does or does not have the power under that act. I am not committing myself one way or the other, but I am saying that I would like to see in this bill as far as rates are concerned the provision in my amendment.

Mr. DEWALT. Will the gentleman yield further?

Mr. RAYBURN. Yes.

Mr. TOWNER. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. TOWNER. In connection with that, may it not be considered as worthy to be taken into account at least that when the Government took over and assumed control of the railroads it not only did so for war purposes but it necessarily had to control the railroads for other than war purposes, and that the rate-making power which existed before the taking over between the railroads and the people is now transferred to the Government and the people, and that it is proper for Congress to say on what terms that relationship shall exist and what the rates and fares shall be?

Mr. RAYBURN. That was my answer to the gentleman from Pennsylvania—that we are now passing a law to govern the operation of these railroads and fixing the compensation.

Mr. Chairman, I had hoped after the vote in the committee, which stood 15 to 6 for the time limit in this bill, that the advocates of the unlimited time would cease their efforts along that line. I could not vote in committee, neither could I vote in this House, for a provision that would read like the provision in the original draft of this bill, and that was that this control should last during the war and thereafter until Congress should

otherwise order. I do not believe that that provision in this bill would stand in the courts for a moment. I do not believe that under the war power we have any right whatever to take the railroads of this country for a longer period than the duration of this war and a reasonable time thereafter.

Mr. DECKER. Will the gentleman yield?

Mr. RAYBURN. I will.

Mr. DECKER. I would like to ask the gentleman two questions. In the first place, the President is authorized to make a contract for compensation, and, of course, in that contract for compensation the railroads will take into consideration the length and condition of the tenure. Does the gentleman mean to say that after the railroads have agreed with the President to the compensation under the terms and provisions of this bill, after they have taken the money from the Government, that they can come around afterwards and refuse to accept the conditions of the tenure?

Mr. RAYBURN. I say that an indefinite tenure in law is equivalent to ownership, and after the war is over if no time limit is set in this bill the railroads would have the right to come into court and say to the Government, "You must give me back my property or give me the value of it."

Mr. DECKER. After they have agreed to take so much for the property?

Mr. RAYBURN. I deny that the President has the authority to make a contract with the railroads for compensation for a longer time than the period of the war and a reasonable time thereafter. We must not forget that the President has taken these roads under the war power and none other, and that the control ceases or should cease when the war or the emergency is over.

Mr. SHERLEY. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. SHERLEY. If you give the President power—or, rather, try to do so—and it be ultra vires, the fact that he exercises the power which you have no right to confer upon him would not make it lawful.

Mr. DECKER. Who was acting ultra vires?

Mr. SHERLEY. Assuming the premises of the gentleman from Texas [Mr. RAYBURN], that Congress could not confer upon the President the right to hold these roads indefinitely, then the suggestion of the gentleman from Missouri is without value.

Mr. RAYBURN. I think that is quite true.

Mr. DECKER. I do not agree with the gentleman on that proposition. The only thing that he would not have the right to do, if his contention is correct, would be to compel the railroads to give it up; but as they agreed in the contract to let the Government use them under the tenure provided in the bill, I do not think, after taking the money, they could be heard to complain. But I will ask the gentleman another question. Is the gentleman one of those who believe that the Government has the right to take over the roads under the commerce clause?

Mr. RAYBURN. I do.

Mr. DECKER. Then if it has the right to take them over under the commerce clause, and we say in this bill, regardless of how they happen to have been taken over under the law of 1916 that they shall stay under the Government control until Congress shall act, would not that be bottomed on the commerce clause?

Mr. RAYBURN. It would not.

Mr. DECKER. Why not?

Mr. RAYBURN. Because the only power on this earth under which the President had the right to take these roads was under the war power expressly given.

Mr. DECKER. That is not the question I asked. The question I asked is this: Regardless of the power or under what power the President took them over, the part to which we are addressing ourselves is as to the power of the President to hold them after the war is over; and would not that right which we give him be bottomed on the commerce clause?

Mr. RAYBURN. It would not, because we have taken the railroads under the war power only—

Mr. PARKER of New Jersey. Pardon me, but is the gentleman arguing now in respect to interstate roads only—not as to roads entirely within a State?

Mr. DECKER. Yes; interstate roads.

Mr. RAYBURN. I am arguing as to roads over which Congress has the power to legislate.

Mr. SHERLEY. Laying aside the question of power, why should we, unless we favor Government ownership of railroads, provide for it, while authorizing the President to take care of a war emergency?

Mr. RAYBURN. That is what I was just coming to, and my colleague [Mr. HARDY] asked a question which suggested that. I believe he asked the gentleman from Missouri [Mr. DECKER] a question like that. Why should we set a time limit and foreclose the argument on the proposition of Government ownership?

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. STEVENSON. I have been bothered to know upon what basis the President would fix the length of the term of the control with the railroads, if there is no provision made in this bill as to the length of time that he is to be authorized to hold them. If it is to be indefinite, is he to make an indefinite contract with the railroads? That is what would bother me.

Mr. RAYBURN. That would have bothered me a great deal, but I have trusted from the beginning in the wisdom of Congress, and in its fairness and candor to say that this is a war measure, and that at a reasonable time after this war is over this property shall be turned back to its owners. My friend from Missouri [Mr. DECKER] a while ago talked about the fact that in 1914 we passed a bill for the control of the issue of securities of railroad companies, and called attention to the fact that that bill, even though it passed the House of Representatives in 1914, had never yet been enacted into law; and he used that as an argument that we should set an indefinite time in order that we may undertake all of this remedial legislation that is necessary before the railroads are turned back to their owners. If that argument be good, that this is a slow body, that Congress is a slow organization, then I think it would be very well to have a time limit set upon this control as a spur to Congress to know that by a certain time it must do a certain piece of work.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. SIMS. Mr. Chairman, I do not want to interrupt the gentleman, except to make an appeal to the membership of the House to let the gentleman from Texas [Mr. RAYBURN] proceed without interruption, if they are satisfied to do so, and I will give the reason.

Mr. RAYBURN. How much time have I remaining?

The CHAIRMAN. The gentleman has six minutes remaining.

Mr. SIMS. If the gentleman from Texas wants more time, I want him to have it.

Mr. RAYBURN. I certainly did not think my time lacked only six minutes of expiring.

Mr. SIMS. What I want to ask is whether the gentleman wants more time, inasmuch as so much of his time has been taken up? A situation arose this morning that none of us could prevent. When I rose last night and asked that the House meet at 11 o'clock this morning, it was with a view of having that time consumed in general debate. One hour of the time was taken up in the reading of the Farewell Address of Washington, which was entirely proper, but it got me into this trouble. I had promised a lot of gentlemen time who are not members of the committee, and the gentleman from Texas [Mr. RAYBURN] kindly consented to make his time as short as he could, but I think so distinguished a member of the committee should have opportunity to address the committee.

Mr. RAYBURN. If I am not interrupted, if the gentleman will yield me five additional minutes, I think I can finish.

Mr. SIMS. Then I yield now the five additional minutes.

Mr. RAYBURN. Did the gentleman from Illinois wish to ask me a question?

Mr. MASON. No; let it go. I knew the gentleman was a member of the committee—

Mr. RAYBURN. Does the gentleman want to ask me a question on the matter of tenure?

Mr. MASON. No; it was in respect to another branch, but I shall let it go and ask some other Member. It was in regard to the purchase of the canal, and I had not heard any member of the committee explain that.

Mr. RAYBURN. I am not willing, Mr. Chairman, in time of war in taking over the railroads of this country as a war measure, in the hysteria created by that war condition, to saddle on this Government a great economic policy. I believe when the discussion of Government ownership comes up in this country that it should come not in a time of war or stress and dissension, when men in the passion of the hour are carried off their feet, but I believe it should come in a time when it can be stripped of every other issue, and I also believe that it is nothing but fair to us who do not believe in Government ownership of railroads and other socialistic doctrines like that that when this argument comes that we who oppose it should not be made the proponents of a bill to throw off a system of Government ownership that we did not intend to take on when



we voted to give the President the power to use all the resources of this Government to try to win this war. When this proposition of Government ownership comes up I want the men who are the advocates of that doctrine to be the proponents of the bill and to come before this Congress and give the reason. There are many reasons why I would like to see this war close. There are many reasons why all of us would like to see this war close. One of the main reasons, outside of the reason that we want to stop the spilling of blood, is that I hope to see the time return when the necessity for such legislation as this, the voting away of these unheard-of powers, will cease. [Applause.]

I oppose Government ownership of railroads. I oppose an indefinite tenure. We do not know how long this war is going on. It may go on a year or two years or three years or five years. We do not know whether the great man who sits in the White House now will sit there when this war closes. We do not know whether the same Secretary of the Treasury and the Director of Railroads will be the Director of Railroads during all of this war, and I want to call your attention to the fact that I would fear to put the destiny of 1,700,000 railroad employees and \$18,000,000,000 worth of property in the hands of a man who may some time occupy one of those positions and who may be over ambitious. [Applause.] A man who is over ambitious, with the wages and the hours of labor of 1,700,000 employees in the hollow of his hand, a man who is over ambitious with the property of hundreds of thousands of people amounting, variously estimated, to from \$18,000,000,000 to \$20,000,000,000 in his hands, could not only put himself in office, but he could perpetuate himself in office if he desired. [Applause.] And I hope, therefore, that we will say now that we will be candid with ourselves and candid with the country and say that we are not going into the proposition of the control of railroads of this country for any other reason except to try to marshal all the resources of this mighty Republic and try to do the one thing, and that is to win this war, and to win it as speedily as possible. [Applause.]

Mr. ESCH. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. GORDON]. [Applause.]

Mr. GORDON. Mr. Chairman and gentlemen of the committee, I do not know that I can assist you gentlemen in determining these important questions that are involved in this bill. As far as my public duties will permit, I have been trying to get information upon this bill since it has been pending both on and off the floor, and I confess those efforts have been sadly disappointed. The gentleman who just took his seat said that the railroads were worth \$18,000,000,000. I do not know where he got his authority for that. I have been trying to get some idea from some source—

Mr. RAYBURN. I said variously estimated.

Mr. GORDON. Estimated by whom?

Mr. RAYBURN. Well, by various writers in this country.

Mr. GORDON. Yes; "the widows and orphans" talked about so much here on the floor, of course they estimate it at that. The fact is they are only capitalized at \$10,000,000,000, and the best authorities in the American Congress say that 50 per cent of that is water. I do not think that anybody will seriously question that Senator JOHNSON of California, who has been governor of his State for two terms, and Senator CUMMINS, of Iowa, who has been governor of his State for two terms, know something about the railroad question. Now, what is the layman to do in reference to this bill? Unless I can get some light on it I propose to vote against it myself and wash my hands of responsibility for it. We have listened here for three days to members of the committee almost exclusively. Have they given you any information as to the value of these properties for the use of which we propose to fix the compensation at nearly a thousand million dollars a year? Has a member of the committee given any information to this House upon this subject? I have not been here all the time during the entire debate, but I have listened to them or read them, and if there has been anything adduced here to throw any light upon this question it has entirely escaped me.

Now, a gentleman who has been a Member of this House a great many years and is considered an expert upon this question discussed it here a while ago, the gentleman from Wisconsin [Mr. LENROOT], and he observed in the course of his remarks that the New York, New Haven & Hartford Railroad and the Rock Island had been mismanaged, referring, I suppose, to the looting of those great properties, the stealing, and taking and the carrying away of all of their visible assets. [Laughter.] Now, what is the use, what assistance does that give to stand up here and pat those people on the wrist in discussing such transactions as that? So far as conferring the rate-making power on the President, of course I would not

vote for that. [Laughter and applause.] I think that is an impudent abandonment by Congress of all the legislation on this subject for 30 years. [Applause.] Now, this is not a partisan question, but it looks to me as though there had been a bipartisan agreement here for the withholding of any real information upon which any man could cast an intelligent vote. [Laughter and applause.]

Mr. MASON. Will the gentleman yield for a question?

Mr. GORDON. Yes.

Mr. MASON. The gentleman is not a member of the committee?

Mr. GORDON. Not of the Committee on Interstate and Foreign Commerce; no.

Mr. MASON. Perhaps, then, the gentleman can answer this question. [Laughter and applause.] This section 6 provides, as I read it, the authority to the President to purchase canals. Do you so construe it?

Mr. GORDON. I will ask the gentleman to excuse me from construing it. I have not time to undertake to construe the provisions of this section. I am calling the attention of the Members of the House to some of my difficulties in the hope that somebody may furnish some information to assist me in forming an intelligent judgment upon this bill.

I want to say this for the aid and assistance of Members here who may feel that they want some light on the principles of the railroad question, that on the 8th of January last I inserted in the CONGRESSIONAL RECORD for the second time a speech delivered by the late Jeremiah S. Black, of Pennsylvania, formerly Attorney General of the United States, upon the question of the legal relations of the public to the railroads, or the railroads to the public, which I commend to the consideration of every Member of the Congress and every other intelligent citizen who really desires to understand the question.

It is a great problem, of course. That speech led to the enactment of the interstate-commerce law 31 years ago. Since that time Congress has been attempting to confer power to regulate rates upon that commission. The progress has been exceedingly slow. There seems to be a mysterious influence that palsies men's minds and hands when they approach the consideration of this question. The attitude of many men seems to be to withhold such information as they really have upon the question.

Of course, the fixing of rates is a legislative function, and Congress, having other things to attend to, created this great tribunal, the Interstate Commerce Commission, and invested it with authority to hear and determine these questions. Now, just what has happened since this war started to disqualify the Interstate Commerce Commission and to qualify the President, with all his multitudinous duties as Commander in Chief of the Army and Navy, to perform this function, nobody has undertaken to explain. We are told by the chairman of the committee that we are at war, which is true, but what is there about that fact that equips the President to hear and determine so intricate and involved a question as that?

And then, to add to the irony of it, they insert right in the bill itself that we are asked to vote for a provision that binds the President in his determination of that question by exactly the law that binds the Interstate Commerce Commission in its consideration of it. Now, if the President is supposed to obey the law, although we are at war, how is he going to determine these questions without any investigation? Is there something about the President that enables him to determine such an involved and intricate question as that without information? Why was the Interstate Commerce Commission created and clothed with this authority? Of course, it is said and provided in the bill that if after the President has fixed this rate it should happen to injure some individual, community, or State, and they took an appeal to the Interstate Commerce Commission, the Interstate Commerce Commission could hear them, and then it could recommend to the President or could express the opinion to the President, that they thought he made a mistake about it. But the law carefully guards any interference by the commission in the way of correcting that mistake. I can not understand the reason for such legislation as that.

Pursuant to legislation by Congress, enacted before I became a Member of this body, the Interstate Commerce Commission is now engaged in making an appraisal of these railroad properties for the purpose of enabling it to determine their value and thus fix just and reasonable rates for the service which they render. Eleven million dollars have been expended on that work, and it is not yet completed. Heretofore, since war was declared, when we have authorized the appropriation of private property and were unable to determine the value of the property taken, or the use appropriated, we have authorized the payment to the owner of so much of the value of such property or use as could

be readily agreed upon, and deferred the payment or tender of the remainder claimed until competent and reliable evidence could be secured upon which to base an intelligent judgment of the real value of such property or its use.

What is there about railroad property which renders it more sacred than other kinds of private property? Do the owners of these railroads fear that when the appraisal of these properties has been completed it will be found that their total value is much less than the stocks and bonds outstanding, upon which interest and dividends have been paid and upon which this enormous rental is in large part based? Are we being hurried into fixing this enormous rental in order to forestall any use of the appraisal now being made by the Interstate Commerce Commission and to establish the fact that Congress has wasted this eleven millions of dollars and such other sums as may be spent in completing the appraisal?

What competent evidence has been adduced to support this enormous annual payment for the use of these properties?

Mr. MADDEN. Does the gentleman think the Interstate Commerce Commission would have the temerity to suggest that the President made a mistake?

The CHAIRMAN. The gentleman's time has expired.

Mr. SIMS. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. LONDON].

Mr. LONDON. Mr. Chairman, I intended to answer the argument of the gentleman from Michigan [Mr. FORDNEY], who is opposed to Government ownership, but it is impossible to do so successfully in 15 minutes or even to attempt it.

I am opposed to the limitation contained in this bill upon the time for holding the railroads after the conclusion of the war. There are men who will not be moved by an earthquake. There are men who will continue to cling to the past in the midst of a world revolution, in the midst of war, in the midst of the greatest catastrophe that ever befell mankind. They are stand-patters all the time, no matter what happens. They fail to realize that the entire world is undergoing the greatest change in the history of the race.

When you repudiate the idea that public utilities are ultimately to be owned and controlled and managed by the people in their collective capacity you deny the very essence of democracy.

What does private ownership of railroads mean? It means that an aggregation of capital, controlling one-seventh of the wealth of the country in a democracy, can give employment or refuse employment, can give life or refuse to the people the right to live. It means that within the limits of a country priding itself on its democratic ideals organized wealth establishes an empire of its own, a dominion of its own. And as you study the history of railroad legislation in the United States you will find that no power has exercised a more corrupting and more polluting influence than the railroads of the United States. Even such a sympathetic writer concerning America as Bryce was compelled to say, in his "American Commonwealth," that the most corrupt factor in American political life was the railroad interests. You speak of control. If you carry control to its logical conclusion, is it not a negation of private ownership? What does ownership amount to if you deny the control of the thing to the owner of it? Then it becomes a question of the measure of control, of the degree of control, of the extent of control, and instead of saying to the people that we repudiate the theory or the very possibility of national ownership of railroads to-day, you may, perhaps, say that the people are not ready to-day for national ownership; that they should be prepared for it; that a body of thought should grow up which would make it possible that the great masses of railroad workers now employed by the transportation companies should cooperate with the rest of the community; that democracy should train itself to become the owner of its public utilities and its public necessities. But to say that you are opposed to public ownership of railroads means to deny the essential principle of democracy, which means self-rule, self-rule industrially, self-rule in economic relations. What good is it if a man has the right to vote if there are within his own country powers which determine how much of his wages shall be taken away from him for bread, how much for meat, how much for sugar, how much for transportation, so that at the end of a day's work or at the end of a year's work he finds the result of his labor taken away from him by some power outside of himself?

The value of political democracy lies in the opportunity it offers to the people to evolve into an industrial democracy.

Otherwise democracy would be a mere myth. Is not self-rule the very essence of democracy? Henry Ward Beecher, in defining slavery, said: "Slavery is a state of affairs where the individual's life is controlled by powers outside of himself." When one-third of one's earnings goes to the landlord, when one-twentieth is taken by the Sugar Trust, when one-eighteenth is

taken by the Bread Trust, when the railroad and the telegraph and the telephone companies take away the rest of the product of one's service, how much of freedom is left to the individual?

Private ownership of the means of transportation, of the arteries of commerce, means the establishment of a dominion within a dominion, of a nation superior to the nation, of a minority ruling and controlling the people and the functions of their agents. That is why railroads have been a corrupting influence.

When the agitation for public ownership began the railroads began to manufacture statistics. Now, it is an old story, the old joke, that "there are liars, and liars with a strong adjective preceding it, and experts," and when experts begin to pile up statistics one loses all faith in economic science. [Laughter.]

You hear frequently that public ownership of railroads is a failure in every country of the world, and the gentleman from Michigan [Mr. FORDNEY] went to the extent of saying that in the two democratic countries of England and the United States the very idea of public ownership is repudiated. For the purposes of his argument he denies that France is a democracy. Of course, France owns her railroads, so France was not democratic for the purposes of that argument.

It is impossible to compare the rates charged in the United States with the rates charged by the railroads of other countries, for the very simple reason that railroads in other countries include within the term "rate" the charge for storage, the charge for insurance, and a number of items that are not included in the word "rate" in the United States. When it comes to the question of wages in other countries—

Mr. MONTAGUE. Mr. Chairman, will the gentleman permit me to ask him a question?

Mr. LONDON. Yes.

Mr. MONTAGUE. You said that France owned her railroads. Are you certain of that fact?

Mr. LONDON. France owns the greater part of her railroads.

Mr. MONTAGUE. The statistics that were submitted to the committee, of which I am a member, showed that France owns only 20 per cent of the railroads in her territory.

Mr. LONDON. Well, France owns 20 per cent of her railroads, and Italy owns all of her railroads. This fact is true, that there has been no immigration of railroad workers from any European country to this country. That is absolutely true. Evidently the railroad worker finds that whatever wage he gets there, no matter how small it appears in dollars and cents, is satisfactory, the real value of the wage being the ability to exchange it for useful articles. Measured by that standard, by the ability to supply himself with the needs of life, it seems that the workers on railroads in the European countries are not forced to leave their countries. They have the assurance of steadiness and security of employment, which makes them prefer the work that they have.

Mr. DENISON. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from New York yield to the gentleman from Illinois?

Mr. LONDON. I am sorry I have so little time.

Mr. DENISON. Just a question.

Mr. LONDON. Unless I can get my time extended I can not yield.

Mr. DENISON. It is just one question.

Mr. LONDON. Well, what was the question?

Mr. DENISON. I was going to ask where our Irish railroad employees come in, in the light of the gentleman's statement?

Mr. LONDON. Oh, the people of a country such as Ireland are governed by considerations other than economic considerations. The gentleman ought to know enough of the history of Ireland to understand that. There are more reasons than economic reasons for that.

In addition to that, the railroad worker in Germany and in Italy and in Belgium receives unemployment insurance, old-age pensions, security against accidents, the benefit of every safety appliance to protect him, and that is a part of the wage. I want to call your attention to the statistics relating to accidents resulting in the death of passengers and railroad men, and you will find that four times as many railroad workers are killed on American railroads as are killed on the railroads of any other country in the world; four times as many. The railroad companies with their hired statisticians attempted to compare the number of railroad accidents by the amount of freight carried, and they figured out that, according to the amount of freight carried, the percentage was not so disadvantageous to the United States.

Mr. CARTER of Oklahoma. Mr. Chairman, will the gentleman yield for a question? I want to ask a question for information?

Mr. LONDON. Yes.



Mr. CARTER of Oklahoma. The gentleman states that four times as many railroad workers are killed on American railroads as on the railroads of any other country. Does the gentleman take into consideration with that the number of railroads the United States has?

Mr. LONDON. I do, judging by the number of men employed. Mr. CARTER of Oklahoma. You mean by the percentage?

Mr. LONDON. I am not speaking of the relative proportion of mileage, but the absolute proportion of employees. Judging by the number of men employed by the American railroads as compared with the number of men employed on European railroads, the ratio is four to one. In other words, for every one employee or railroad worker killed in Europe four railroad employees are killed in the United States.

Mr. CARTER of Oklahoma. The percentage is four times as great?

Mr. LONDON. Yes; the percentage is four times as great.

Mr. COOPER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. LONDON. Yes.

Mr. COOPER of Ohio. Can the gentleman give us any information in regard to government-owned roads in Italy? A few days ago I read an article in a paper stating that—

Mr. LONDON. Oh, well, I have no time for the gentleman to tell about an article he read four days ago. I want direct information, not information from a casual article read four days ago. [Laughter.]

Mr. COOPER of Ohio. I read a statement in a paper to the effect that the Government of Italy had fallen down in the management of its Government-owned railroads and had to issue bonds to get money to operate them.

Mr. LONDON. I do not know what paper that was from, or who the man responsible for the fiction in that paper was. [Laughter.]

Mr. LENROOT. Mr. Chairman, will the gentleman yield?

Mr. LONDON. Yes.

Mr. LENROOT. I want to know what the gentleman means when he says that to every 100 employed in Europe and in the United States four times as many are killed in the United States than in Europe?

Mr. LONDON. That is exactly what I mean. The figures I have are for the year 1910 or the year 1908.

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

Mr. LONDON. Yes.

Mr. MADDEN. Does the gentleman mean four times as many as compared with the number employed?

Mr. LONDON. Four times as many.

Now, when you consider the fact that the railroad companies opposed every measure calculated to improve the condition of the workers, that they opposed the enactment of the employers' liability legislation, that they opposed the most elementary provisions for safety appliances, you must realize what a tremendous danger is involved in private ownership of the public utilities, of the public arteries, of the arteries of commerce.

What is the difference between our past civilization and the present? What has made the United States possible? It is the facility of intercommunication between one section and another. Why, the arteries of commerce, the railroads, and the means of transportation are the most vital part of the organism of the country; and to permit these public utilities to be forever the private property of a group of capitalists is a destruction of the elementary basis of democracy.

The CHAIRMAN. The time of the gentleman has expired.

Mr. LONDON. May I have two minutes?

Mr. SIMS. I yield to the gentleman two minutes, and hope he will not be interrupted, because I have not got the time.

Mr. LONDON. Just see this diagram which I have here of interlocking directorates. Here is a chart of the interlocking directorates held by the Chesapeake & Ohio directors in financial, transportation, and industrial companies. I will give only a partial list. In financial companies they have directorates in the American Security & Trust Co., of Washington; the American Trust & Savings Co., of Chicago; the Equitable Trust, of New York; the Farmers' Loan & Trust, of New York; the Fourth National Bank of New York; the Mercantile Safe Deposit, of New York; the Mercantile Trust & Savings, of Chicago; the Merchants' National, of Richmond, Va.; the National Bank of Commerce of New York; the National City Bank, of New York; the National Surety of New York; the Old Dominion Trust, of Richmond, Va.; the Realty Trust, of Atlanta, Ga.; the Riggs National, of Washington; the Standard Safe Deposit, of New York; the Union Trust, of Chicago; the Union Trust, of New York; and the Title Guarantee & Trust, of New York.

Then comes the list of industrial companies: Consolidated Gas of New York—there is plenty of gas in our railroad stocks—then there is the Covina Land & Water Co., the Hammond Lumber Co., the Huntington Beach Co., the Los Angeles Land Co., the Maringo Water Co., the Mercantile Burglar Alarm, the Newport Beach Co., the Newport News Shipbuilding & Dry Dock Co., the New York Transportation Co., the Northern Westchester Lighting Co., the Old Dominion Land Co., and many others. It is a veritable octopus, a complete spider web, with the people as the flies. And this picture is not complete. It gives a diagram in connection with financial and industrial institutions. In order that it should be complete, they would have to give you the ownership of the big newspapers of the country and to what extent these interests dictate the editorials of the newspapers. And they would have to give you one more item—how many men who were formerly directors of these corporations are now adorning the bench. I do not mean that these companies send agents to the bench, but there are men there who have the psychology of the corporation lawyer.

And then, in order to make it altogether complete, it would be necessary to show how many prominent attorneys for railroad companies vote on matters of legislation in the legislatures of the country, on matters affecting the interests of the people and the interests of the railroad companies. And to be an attorney of a railroad company is the dream of every lawyer to-day. If I had the time I believe I could convince even you Republicans and Democrats that there is no salvation for a democracy except in national ownership of public utilities, and that it is our duty now to prepare for that inevitable event.

Mr. GORDON. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent to revise and extend his remarks in the RECORD. Is there objection?

There was no objection.

Mr. DIES. Mr. Chairman, the Bolsheviki argument to which we have just listened is so interesting that I make the point of no quorum, in order to have a greater attendance.

The CHAIRMAN. The gentleman makes the point of order that there is no quorum present. The Chair will count. [After counting.] Eighty-eight Members present, not a quorum.

Mr. GARNER. Mr. Chairman, I move that the committee do now rise. We can vote that motion down and get tellers on the motion and get a hundred here.

Mr. DIES. Mr. Chairman, the gentleman's side-bar remarks are out of order.

The CHAIRMAN. The gentleman from Texas moves that the committee do now rise.

The question being taken, the Chairman announced that the noes appeared to have it.

Mr. GARNER. Tellers, Mr. Chairman.

Mr. DIES. I make the point of order that tellers are not in order until a division has been had.

The CHAIRMAN. The Chair understands the gentleman has a right to call for tellers without having called for a division.

Mr. DIES. I do not think so, Mr. Chairman.

The CHAIRMAN. There is no doubt about it. The gentleman from Texas [Mr. GARNER] asks for tellers.

Tellers were ordered; and the Chairman appointed Mr. DIES and Mr. GARNER.

Mr. DIES. Mr. Chairman, what is the pending question?

The CHAIRMAN. Whether the committee shall rise or not. The tellers will take their places.

The committee divided; and the tellers reported—ayes 5, noes 85.

The CHAIRMAN. The committee determines not to rise. The Clerk will call the roll.

The Clerk called the roll, when the following Members failed to answer to their names:

Anthony	Crago	Fairchild, B. L.	Heintz
Bacharach	Curry, Cal.	Fairchild, G. W.	Hollingsworth
Baer	Dale, N. Y.	Fairfield	Hood
Beakes	Dale, Vt.	Ferris	Houston
Blackmon	Dallinger	Flood	Howard
Blanton	Davidson	Flynn	Hull, Iowa
Britten	Dent	Fuller, Mass.	Husted
Brodbeck	Denton	Garland	James
Browning	Dill	Goodall	Johnson, S. Dak.
Buchanan	Doelling	Gould	Johnson, Wash.
Campbell, Kans.	Drane	Graham, Pa.	Jones, Tex.
Candler, Miss.	Drukker	Gray, N. J.	Kahn
Capstick	Dupré	Greene, Vt.	Kearns
Carew	Dyer	Gregg	Kelley, Mich.
Carter, Mass.	Eagle	Griest	Kelly, Pa.
Chandler, Okla.	Edmonds	Hamill	Kennedy, R. I.
Church	Elston	Hamlin	Kettner
Copley	Emerson	Haskell	Kieess, Pa.
Costello	Estopinal	Heflin	Knutson

Kraus	Nicholls, S. C.	Rose	Tague
Kreider	Oliver, Ala.	Rowland	Talbot
LaGuardia	O'Shaunessy	Rucker	Templeton
Lazaro	Patge	Scott, Iowa	Timberlake
Lithicum	Peters	Scott, Mich.	Tinkham
Longworth	Pheasant	Scott, Pa.	Van Dyke
Lundeen	Polk	Scully	Vare
Lunn	Porter	Sells	Walker
McCormick	Pou	Shallenberger	Walton
McCulloch	Powers	Sherley	Watson, Pa.
McFadden	Price	Shouse	White, Me.
McLaughlin, Pa.	Purnell	Siegel	White, Ohio
Magee	Ragsdale	Smith, T. F.	Williams
Maher	Rainey	Stafford	Wilson, Ill.
Mann	Rankin	Stedman	Wilson, La.
Meeker	Reavis	Stephens, Nebr.	Wilson, Tex.
Miller, Minn.	Robbins	Sterling, Pa.	Woodyard
Miller, Wash.	Roberts	Sullivan	Young, Tex.
Mondell	Rodenberg	Sumners	Zihlman

The committee accordingly rose; and the Speaker having resumed the chair, Mr. GARRETT of Tennessee, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee having under consideration the bill H. R. 9685, finding itself without a quorum, the Chair had caused the roll to be called, when 276 Members answered to their names, and he reported a list of the absentees.

The committee resumed its sitting.

Mr. ESCH. Mr. Chairman, I yield 10 minutes to the gentleman from New Hampshire [Mr. WASON].

Mr. WASON. Mr. Chairman, I ask the indulgence of this committee for a few minutes on a subject that is of interest to myself, to my colleague from New Hampshire, and I know it is of interest to nearly every man on the floor of this House. It is likewise of interest to every citizen of this broad land. I do not wish to be understood in what I shall say as particularly finding fault or criticizing. I wish to be understood as approaching this subject in a spirit of improving the general conditions that affect the young men of the Nation who are our patriotic defenders now in cantonments, preparing for over-seas service. With that in mind and with the purpose to help rather than hinder, and improve rather than retard, camp conditions furnished, equipped, and controlled by the War Department.

Last July my attention was called to an order issued by the Secretary of War relating to the mobilization of the National Guard, so called, then a part of the Army, wherein those volunteers were to be transferred from New Hampshire and the other New England States to some point in the South for encampment and training, and the following letter expresses the views of the members of Congress from New Hampshire, to which the following reply was made:

WASHINGTON, D. C., July 13, 1917.

HON. NEWTON D. BAKER,  
Secretary of War, Washington, D. C.

RESPECTED SIR: We, the undersigned, Members of Congress from New Hampshire, have just learned of the proposed action of the War Department to transfer, as soon as mobilized, the New England division of the National Guard to North Carolina or some other point farther south.

We respectfully submit for your consideration our belief that it will be for the best interests of the service if this division when mobilized is sent to a camp or camps in the New England States for the following reasons:

1. The climate of New England is more like the climate of northern France than is that of any section of the South.
2. It is more economical to the Government getting these troops to the front, viz. it will save the cost of transportation to the southern cantonment and probably more than such cost of transportation.
3. We believe that when the citizens of New England become aware of this proposed action of sending these troops South during the summer months there will be a vigorous protest against such action. We submit that public sentiment in a matter of that kind should be given serious consideration.
4. Whatever may be the conditions surrounding the places where these troops can be located in the South, we submit that for the summer and fall months, being acclimated to the New England climate, the health of the organization will be better if these troops are not transported to a new section and a very different climate.
5. This statement is based upon the supposition that the National Guard is to be sent to the front within a reasonable time, but if it is the purpose of the department to take such action later in the year or early next year, and for that reason it is considered desirable that these troops be transported to a warmer climate previous to their transfer to the front, we maintain that this action can be taken as well and better late in the fall than at this time.

We do not intend by this letter to attempt to in any way interfere with any military action which will further the prosecution of the war, but we believe that the considerations submitted are of sufficient importance to demand the very careful attention of the Department of War.

Respectfully submitted,

(Signed)

EDWARD H. WASON.  
SHERMAN E. BURROUGHS.

WAR DEPARTMENT,  
Washington, July 16, 1917.

MY DEAR MR. WASON: I have your letter of July 13, signed jointly by you and Hon. SHERMAN E. BURROUGHS. This department, of course, realizes the strength of the desire of the State to have their National Guard mobilized at home and also the importance of the consideration

set forth in your letter. The subject was, however, carefully considered from every point of view, and the plan of the military situation dictated the course chosen. It is now too late to restudy the question of distribution of the guard during their course of preparation.

Cordially, yours,

(Signed)

NEWTON D. BAKER,  
Secretary of War.

HON. EDWARD H. WASON,  
House of Representatives.

The New Hampshire National Guard left in August, many being transferred to Camp Greene, Charlotte, N. C., where they have been in camp since the 1st of November. Saturday, February 16, my colleague, Mr. BURROUGHS, and I spent the day at Camp Greene with brave sons of our State and with other brave sons of the other States in this Union, where they are being prepared for an early transfer for service in the battle lines of Europe. On arriving at the camp grounds we were met at the end of the street car line by our friends, who furnished us with two pairs of good rubber boots, which we soon found were absolutely necessary for our protection and comfort, and wore them until we left camp that night. It was mud, mud, mud everywhere. We found the soldiers quartered on a tract of land consisting of 6,000 acres, on a beautiful elevation, pleasantly located, and a reasonable distance from the city of Charlotte, N. C. The camp was adequately provided with electric lights, supplied with good water from an extension of the water system used by the citizens of Charlotte. Two lines of street cars extend from the city to the camp, one adjacent on the south side of the camp, the other on the north side. The land is reasonably level, good elevation. On the east is plenty of shade and adjacent to the woods is a small, pretty lake. The soil is a reddish clay. The men expressed satisfaction in regard to their food, and inspection of kitchens and supplies confirmed their statement. Having heard some criticism of the sanitary conditions at the camp, we paid close attention to that, for the purpose of discovering what the real facts were.

I had naturally supposed that the War Department, after the selection of this site had been made, would provide means for properly equipping the camp, as it should do in every case, having particularly in mind the health and comfort of those who are sent there for training. I had expected to find suitable highways that were passable for trucking, suitable streets for the companies, suitable barracks, adequate and suitable system of sewage and drainage, suitable provision for heat, and quarters for bathing purposes. We were informed that the wet, muddy condition about the camp was less than it had been two weeks previously. I saw automobiles helpless in the mud in some of the main roadways; I saw teams of four mules on these same roadways, with a light load, where the wheels left ruts from 12 to 18 inches deep. The Government has done nothing toward road making and done nothing toward fixing company streets. Not a rod of sewage system has been installed by the Government or anybody else. Water stands on the surface of the ground where the ground is level, and where it is rolling runs into pools or, in some instances, down to a very small brook which extends through a part of the grounds. Discarded latrines exist in large numbers, unprotected, filled to the surface of the ground, with filth waiting for the hot rays of sun to fester and produce germs of malignant and dangerous diseases. These latrines are in close proximity to the tents occupied by the soldiers. Very soon, when the climate becomes warmer, this camp must be very insanitary.

Our Government has no moral right to expose our soldiers to such dangers. The soldiers' barracks are all tents and should not house over five men. There were seven, eight, and nine men in a tent, and these tents had been without board floors prior to about the 10th of February, or a week or 10 days prior to our visit.

Mr. FORDNEY. In the tents?

Mr. WASON. Yes; there were no floors in the tents. One company of 250 men had been furnished with 18 rifles, another company with 256 men had 21 rifles, making a total of 39 rifles for two companies of 506 men. Not one of those rifles fit for a man to discharge with accuracy.

Mr. LITTLE. When was that?

Mr. WASON. Last Saturday, February 16. My colleague will furnish additional details of conditions at this camp.

Mr. Chairman, it is almost unbelievable for me to realize that the War Department would transport men past camps well equipped to a camp like Camp Greene without equipment. The War Department should never mass thirty or forty thousand soldiers in a cantonment or camp without a suitable sewage system and suitably constructed roadways for truckage to and from the camp. One of the first things the War Department should provide for is healthful conditions. Observing the conditions there, I am frank to say that I can not excuse and feel



that the man or men who have neglected this site since it was selected last summer are blameless of culpable neglect and wanton disregard in failing to install a suitable system of sewage at this camp before its occupancy by our young men transferred there for training from all parts of the country.

The War Department should immediately construct a suitable system of sewerage and drainage, and I am glad to say that the Surgeon General within a few days has inspected this camp and made the following observations and recommendations, and it is reported that immediate action is being taken on the points raised in his report:

FEBRUARY 12, 1918.

**Memorandum for the Secretary of War:**

The wet weather and character of the soil at Camp Greene, Charlotte, N. C., together with the temporary nature of the camp, have brought about conditions which I wish to call to your attention and which may be summarized as follows from the last two reports of sanitary inspections of the camp:

**GARBAGE REMOVAL STOPPED BY MUD.**

Knee-deep mud has interfered with garbage removal by contractors, and quantities have been dumped or buried because of shortage of fuel for burning it.

Limited facilities for heating water for bathing over a period of several months has resulted in the men becoming dirty.

Water from the kitchens, baths, and overflowed latrines is removed by ditches, surface drainage, or stands in pools. The character of the soil will make it slow to dry out, and with the advent of warm weather flies and other insanitary conditions may be anticipated.

The dirt floors of the kitchens will breed flies. The field ranges in use are uneconomical and smoke indoors with any wood fuel.

Shortage of supplies has held back the work on the detention camp for contacts until its overcrowded condition has led to the establishment of quarantine areas in the regiments, but reports upon this indicate that completion of the detention camp is preferable to continuation of the latter plan, especially since sufficient tent space and separate latrines and mess halls have not been available to make the regimental quarantine absolute in the areas set aside.

Work has been held up on the additional quarters for nurses by failure of material to arrive, and the same has affected progress on reconstruction of the operating and laboratory buildings of the base hospital, which were recently destroyed by fire.

Overcrowding, to the extent of eight men to a tent, and occasionally more, is reported.

**SICK RATES NOT NOTABLY HIGH.**

Sick rates at Camp Greene are not notably high, and measles and pneumonia cases appeared on the decline at the last report, but the insanitary conditions mentioned should be corrected without delay to prevent increased sickness and mortality, which may result from their continuance.

It has been recommended that additional tentage be supplied the commanding general, Camp Greene, to enable him to quarter all men on the basis of five to a tent instead of eight. It is understood that this recommendation has been approved.

The immediate necessity, Camp Greene, is the installation of a sewer system for the entire camp, which is again urgently recommended.

W. C. GORGAS,  
Surgeon General United States Army.

Seven or eight months has passed since the selection of this site, and I am wondering what immediate action means. My inquiry is: When is it going to be done? My answer must be: It should be attended to now without delay. The War Department can not act too quickly in this matter. The country can not urge too strongly the department to attend to that drainage and sewerage forthwith. It should have been attended to before a single boy from any State had been sent there.

Mr. WEBB. Mr. Chairman, does the gentleman mean drainage or sewerage?

Mr. WASON. Both drainage and sewerage and suitable highways or roadways.

Under these conditions that I have briefly outlined I was impressed as I talked with the soldiers of the indisposition to find fault or complain. They were in good spirits, eager, and enthusiastic to actively engage in the great work before them; they were restive for actual, active service; their morale was excellent, and I wondered what influence had kept them so enthusiastic and happy under conditions there. It is an old saying that man is influenced by his surroundings, and from these men I learned that the most cordial relations and friendship existed between the camp and the citizens of Charlotte. The clubs, the Young Men's Christian Association, and kindred activities extended a cordial welcome to them. Entertainments on a large scale were often provided for these boys. Everything was done to make their camp life pleasant and cheerful. In fact it would almost seem that the home life of that city was influential in maintaining the spirit, the buoyancy, and the morale of each and every soldier there stationed.

As we left this camp and as I have reflected upon the conditions of my friends and constituents and the friends and constituents of other Members of Congress there it has caused me to have feelings of sadness and pain to realize that all the money so willingly provided for the establishment, equipment, and maintenance of these training camps in this land that somewhere in the machinery of the War Department some person or persons have failed to perform their official duty in reference to equipment at this location. I hope that this is

the only instance of neglect of this kind with reference to cantonments selected by the Government.

Mr. Chairman, as our Army, either at home or on foreign soil, with calm courage and patriotic impulses, discharges the great task that we are engaged in, as our beloved warriors their names are to be enrolled on the pages of history with reverence and honor for their sacrifices, sufferings, and efforts to extend those beloved principles of liberty and justice, let us hope and believe that they and the soldiers of England and France may be successful in the great and far-reaching task; let us stand loyally behind them and give them every encouragement and help that we can to fortify them stronger, if possible, as they fight for us and for those principles; let us remember what the story of the service flag in the window at home means which J. E. Evans, of Washington, D. C., has so fittingly expressed in rhyme:

**THE SERVICE FLAG.**

Say, Pa! What is a service flag?  
I see them everywhere.  
There's little stars sewed on them;  
What are they doing there?  
Sometimes there's lots of little stars,  
And sometimes just a few.  
Poor Widow Jones has only one—  
I saw her crying, too.  
My darling boy, those little stars,  
Upon a field of white,  
Are emblems of our glorious boys  
Enrolling for the right.  
The border, as you see, is red,  
Which represents their blood;  
The stars are blue, the heavenly hue;  
The white is always good.  
Each star you see means some brave boy  
Has left his hearth and home  
And gone to fight for Freedom's cause  
Wherever he may roam.  
So when you see a lot of stars  
Lift up your heart with joy,  
And when you see a single one  
Pray for some mother's boy.  
They go away, those gallant lads,  
Across the wreck-strewn sea;  
They go to pledge their country's faith  
For God and liberty.  
The Stars and Stripes they bear aloft  
To join the British flag,  
And, with the colors of brave France,  
They mean to end "Der Tag."  
And soon, my boy, that service flag,  
Born in the Nation's heart,  
Will show the world that, when unfurled,  
We proudly take our part.

Mr. SIMS. Mr. Chairman, I yield 10 minutes to the gentleman from North Carolina [Mr. WEBB].

Mr. WEBB. Mr. Chairman, I must beg the indulgence of the House while I say a few words about Camp Greene, which happens to be located in my district and in the midst of as brave, loyal, and hospitable people as can be found on earth. The camp consists of 3,000 acres of land, leased and paid for by the citizens of that county and given to the Government free of charge for five years. Sixty-five acres of that territory are covered by a hospital. Since this cantonment was located there two double-track electric street railways have been built to the camp, 2 miles distant from Charlotte. It is the only camp in the South that I know anything about where the street-car fare is only 5 cents, with universal transfers in the city. Water mains were laid to and throughout this camp at no expense to the Government of the United States, furnishing the finest filtered water. The Government did not pay a cent for carrying the water to the camp and into the camp, and the water is now furnished to the Government for the camp at 7 cents per 1,000 gallons. In my home town we pay 25 cents, I believe, as a basis for the first 1,000 gallons. The Government gets it for 7 cents.

An electric light and power plant was built at no expense to the Government, leading to and into the camp, and the electric light and power are being sold to the Government and the soldiers at 1½ cents per kilowatt hour. I believe the people in Washington pay 10 cents per kilowatt hour, and I think they pay more than that in all of the camps and cities and in Charlotte. I know that it is the cheapest rate that any cantonment has in the South, unless it is at Greenville, S. C., which, I believe, has the same rate. The authorities in Charlotte township have appropriated \$90,000 to build two magnificent concrete highways—not roads, but magnificent streets of concrete—from the city of Charlotte to the camp.

They have had from the beginning a macadam road to the camp which has never been impassable, which can not be said of a number of other roads leading to camps throughout the country. I am glad my friend from New Hampshire mentioned the cordial spirit that existed between the people of Charlotte and the soldiers. I do not think a community can be pointed out in

America where a finer feeling and spirit exists between the soldiers and the citizens. Last Christmas \$5,000 were raised by voluntary donation for a Christmas tree, so that every boy in the camp of 35,000 soldiers received a Christmas present from that donation and every child in Camp Greene received a present from the children of Charlotte and each present was marked, "From the children of Charlotte to the children of Camp Greene." Another thing, the best homes in that great city have been thrown open from the first day the soldiers arrived in that camp to the soldiers, and especially the privates. In fact, on Sundays and holidays it is estimated that 3,000 boys are taken into the best homes in that city and given the best food that those citizens can procure for them. [Applause.] And the same is true of every holiday—

Mr. SHERWOOD. What is the population?

Mr. WEBB. Forty-two thousand. Now, there was great congestion, of course, in the city of Charlotte, like there is now in the city of Washington, because the soldiers' families and friends were coming, and the good homes of Charlotte did that which they never before had done—that is, threw open their splendid homes to the officers and their families at absolutely reasonable rates. A number of well-equipped clubs have been established in the city for the officers and privates, and just now one of the prettiest pieces of property in the city of Charlotte has been donated and completed and equipped for a private soldiers' club. Whenever an officer or private wants a bath or resting place, he can find it to his heart's content in that hospitable town, and the boys use them just the same as the citizens of the town use them. All the churches and all the church receptions of that city are thrown open every Sunday and Sunday night and prayer meeting nights, and at all other times when the churches are open the boys can enter them and are invited to enter them ad libitum, without even a card.

I am pleased to tell you that the boys take advantage of it, and I do not know of a similar camp in this country where a larger proportion of the boys in camp attend the churches and religious exercises than they do there. For about three months a division of northwestern soldiers—as strong, healthy, and magnificent body of men as I ever saw march in parade—were located at Camp Greene, and the affection existing between the people and those soldiers was simply delightful to behold, and since they have left and gone to France the mails and newspapers have been filled with veritable love letters from the soldiers, and they wanted to name their splendid division the "Charlotte" division out of pure affection for the people on account of their kindly treatment of them. It can not be said that there is a camp in the United States with a finer health record than Camp Greene. The reports of Surg. Gen. Gorgas show that, and to-day or last Monday a week ago there were only 17 men in that camp who had the disease peculiar to camp life and which all good men are trying hard to fight.

I do not know of a place anywhere where the morals as well as the health of the soldiers are more carefully and painstakingly guarded than they are in Camp Greene. The fact is Secretary of War Baker some time ago made a speech in Washington to the Fossick Commission and pointed to the feeling and spirit existing between Charlotte and its boys as most ideal and commended it to other camps as one that they might well emulate. This camp, as you may or may not know, like many other camps, was established as a cantonment, as a resting place not necessarily to be made a permanent institution, and therefore the Government has not yet built these sewerage systems and concrete streets, and I believe the camps at Spartanburg and Greenville and other southern camps, Camp Gordon, possibly, where they have not put in concrete streets, would come under the same condemnation as my friend from Massachusetts has leveled against this camp, as to mud and lack of sewerage.

Mr. ROGERS. Will the gentleman yield?

Mr. WEBB. I will.

Mr. ROGERS. This is absolutely for information. I have heard it stated that when the location was still under consideration of a camp at Charlotte, N. C., the city agreed to build roads provided the camp was located there, and that the roads which the city had agreed to build had not, in fact, been built. Can the gentleman inform us upon that point?

Mr. WEBB. When the camp was located there, it was located on a fine macadam public highway between Charlotte and the city of Gastonia, and that road has been used up to this time. But now the local authorities are ready to build two great concrete roads between Charlotte and the camp, at a cost of \$90,000. I never before heard that the city had failed to carry out any agreement about roads, and do not think it so. The complaint about mud, gentlemen, can be leveled against any camp in the South. I do not know how it is in the North, but we have had

the most severe weather in our country that we have had in 37 years. And where you have only earth roads 10 or 15 feet wide through a camp, you can expect, with the heavy Army trucks running over them, that they will be cut up and become muddy at times of heavy rains or snows. If the Government will put in roads and streets and sidewalks of concrete inside the camp and put in a sewerage system, Camp Greene will be the banner camp of that entire section of the United States.

And I am happy to say that the War Department has informed me that they have now had drawn up by the engineers a system of sewerage in that great camp; they are already putting in sewerage in the hospital, which, as I have said, occupies 65 acres of ground. We all hope that sewerage and streets will be put in this camp soon. And when that is done I assure this House you will not only have the best camp in the United States, where the feeling between the citizens and the soldiers is as fine as anywhere in the world, but you will have as beautiful and healthful a camp as any on the face of the earth. [Applause.]

Mr. ESCH. Mr. Chairman, according to my reckoning I have an hour and 10 minutes remaining. I would like to use the hour from now on, and I yield to the gentleman from Kentucky [Mr. LANGLEY].

The CHAIRMAN. Of course the debate closes at 6 o'clock.

Mr. SIMS. I want to say that the gentleman is entitled to use all the rest of the time, whatever it is.

Mr. ESCH. Mr. Chairman, I yield 10 minutes to the gentleman from New Hampshire [Mr. BURROUGHS].

The CHAIRMAN. The gentleman from New Hampshire is recognized for 10 minutes.

Mr. BURROUGHS. Mr. Chairman, I have no apology to make for taking 10 minutes of the time of this committee.

Mr. DIES rose.

The CHAIRMAN. Does the gentleman yield?

Mr. DIES. I make the point of no quorum, Mr. Chairman.

The CHAIRMAN. The gentleman from Texas makes the point of no quorum.

Mr. WASON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WASON. The gentleman from New Hampshire [Mr. BURROUGHS] did not yield to the gentleman from Texas. Can he take him off the floor by making the point of no quorum?

The CHAIRMAN. The gentleman from New Hampshire will have his time. The point of no quorum has been made. The Chair will count. [After counting.] One hundred and two gentlemen are present, a quorum. The gentleman from New Hampshire [Mr. BURROUGHS] will proceed.

Mr. BURROUGHS. Mr. Chairman, I make no apology for taking 10 minutes of the time of the committee to call attention to some matters relating to Camp Greene, near Charlotte, N. C., the condition of which has already been adverted to by my colleague, Mr. Wason.

It is easier for me and much pleasanter to praise than to blame. I realize how easy it is to criticize those in positions of heavy responsibility. It is always easier to find fault than to take hold and do the job yourself. But I feel very strongly that it is due to the Members of the House that I should now state as accurately and precisely as I am able what my colleague and I actually saw at the camp at Charlotte on the occasion of our visit there on Saturday, February 16, 1918.

Camp Greene is located about 3 miles from the city of Charlotte, N. C., on somewhat rolling ground of slight elevation and having a surface soil of clay formation. This soil is almost completely impervious to water, and the effect of melting snow and recent rains there has been to make it a veritable bog. Mud is knee-deep in all the roads throughout the camp. As my colleague has stated, we had to wear rubber boots in order to get around at all. Water is standing in large pools and ponds all over the surface of the camp. No carriage or automobile could possibly get into the camp, much less make its way through it. I was informed by an officer that a few days before he had seen three mules so badly stuck in the mud that they had broken their legs trying to get out and had to be shot.

The gentleman from North Carolina [Mr. WEBB] has just spoken of the many things done by the city and people of Charlotte for this camp. I want to say in reply that what I am stating is not intended in the slightest degree to be any criticism of the city of Charlotte or of the good people who live there. I have no doubt all the gentleman stated concerning Charlotte and its inhabitants is perfectly true. What I say by way of criticism of conditions at Camp Greene goes to those who were directly and immediately responsible for locating and maintaining the camp there. I say that the great War Department of this Government is grievously at fault for its failure to provide adequate and proper sewerage facilities in a camp where



upward of 40,000 young men, the pick and pride of this country, are quartered to-day. That is what I find fault with. That is what I criticize.

There is not now and there has never been since the camp was established last summer any sewerage system whatever at Camp Greene. Dirty water from the kitchens and refuse of all kinds are thrown into ditches, and a good part of it remains there, because it can not get away and the clay soil will not absorb it. We were told that the garbage and refuse had been burned as long as they had sufficient wood for this purpose, but that for some time the supply of fuel had been short and that for this reason, as well as on account of the knee-deep mud in the roads, which had prevented garbage removal by the contractors, there had seemed to be no other method of disposition of the refuse, garbage, and kitchen water than the method adopted. We saw a number of old discarded latrines. They are still open and exposed and are filled with 6 or 8 feet of decaying, putrid, festering animal matter. When the warm weather comes, as it is likely to come any time in this southern climate, it takes no sanitary engineer or expert to predict what is going to happen. Flies are going to breed there in enormous quantities, and typhoid fever and diphtheria are likely to break out at any time.

Now, the gentleman from North Carolina [Mr. WEBB] tells us that the War Department is talking about putting in a sewerage system. That is all right, but it ought to have been done months ago. It ought to have been done, as it was done, at the northern cantonments, before the men were taken there at all. This work can not be done in a day, or a week, or a month. It is going to take a considerable length of time to install any kind of sewerage system at this camp. Meantime the warm weather will be on us, and everyone of those 40,000 men quartered in that camp will be in imminent peril of his life. I say it is up to the War Department to do something, and to do it now. If they can not install a proper sewerage system before the warm weather comes—and I am frank to say I do not see how this possibly can be done—I see nothing else to do than to remove these boys to some other camp. Certainly they must not be left there under conditions such as I have described.

What I am stating is of direct interest to pretty nearly every Member of this House, because, as I understand it, there are men at this camp from practically every State in this Union. I personally saw and talked with men from my own State, New Hampshire, from Maine, Vermont, and Massachusetts, as well as from Louisiana and many Central and Western States. They all told the same story. They are not complaining. I never saw a finer spirit amongst any body of men in all my life than I saw amongst all the men who are now living in the mud and water at Camp Greene. In this body of men there are, as I am informed, between 400 and 500 New Hampshire boys. They form the nucleus around which has been organized and built up what is now known as the First Headquarters Guard Regiment, consisting of approximately 3,300 men. They are as fine a body of men as were ever organized for military purposes. I was told by one of the officers of this regiment that about 80 per cent of them were either college graduates or came into the service from some college.

This New Hampshire regiment is located in what is obviously the most undesirable and dangerous site in the whole camp. They are on low land in close proximity to the ditches and latrines, which I have already referred to. No regiment ever ought to have been placed there, and there was no necessity for locating them there. I was informed that before the New Hampshire regiment was placed on this site other regiments protested against being located there and had been placed elsewhere. Certainly the New Hampshire regiment should be moved from this location without any delay. Neither they nor any other body of men ought to be compelled to live under such conditions another day, and I propose to immediately call the attention of this matter to the Secretary of War and ask for their removal.

The gentleman from North Carolina [Mr. WEBB] spoke about this camp being intended to be a temporary camp. That may be so, but what of it? I do not care whether it was intended to be temporary or permanent, I know that what I am telling you is an accurate statement of what I saw there last Saturday, and I was reliably informed by officers and men that the conditions for weeks before had been much worse than they were the day my colleague and I were there. Temporary or not, the camp has been there since last summer and bids fair to continue for some considerable time to come, and the fact is that, according to the statements of the gentleman from North Carolina [Mr. WEBB], the War Department is just now beginning to talk about putting in some sort of a sewer system. Suppose it was intended to be temporary, what provision, if any, did they make

for disposing of their garbage and sewage? I answer, none whatever at all adequate to the conditions which they knew existed there. They knew it was not a sandy soil that would easily absorb water. On the contrary, they knew that it was a clay soil on which water would stand for days and weeks. I say that under such circumstances it was inexcusable to provide no sanitary system for disposing of this dirty water and refuse. It was certainly incumbent upon the War Department before they took those boys away from their homes and brought them to this southern camp to provide all reasonably adequate means for protecting them after they arrived there.

Mr. SNYDER. Mr. Chairman, will the gentleman yield?

Mr. BURROUGHS. Yes.

Mr. SNYDER. I want to say that a month ago the father of a young man, a constituent of mine, went down there, and he told me that after he had visited the camp he had to go to a hotel and stay five hours while he had his overcoat and trousers cleaned.

Mr. BURROUGHS. I have no doubt of it, and I should probably have had the same experience if I had not worn rubber boots, which the officers had kindly provided me. As I have already stated, I was told again and again that conditions were much worse there three or four weeks ago than the day I was there.

Mr. GILLETT. If the gentleman will allow me, when was that camp established?

Mr. BURROUGHS. Some time in the summer; I can not tell exactly when. I know that the New Hampshire boys have been there since November.

Now, let me tell you another thing. We were told, not only once, but several times, that until a few days before we were there these boys in the New Hampshire regiment had been sleeping on their cots, without any wooden flooring in their tents. In other words, until within a few days before we went down there they were sleeping on their cots, which stood in mud 3 to 6 inches deep. More than that, we were also told that no bathing facilities whatever had been furnished them by the Government since they came to this camp last November. I ask leave to extend my remarks in the Record by printing a report of the Surgeon General of the United States, which report will verify what I am saying.

The CHAIRMAN. The gentleman asks unanimous consent to extend his remarks in the Record. Is there objection?

There was no objection.

Mr. LUFKIN. Will the gentleman yield?

Mr. BURROUGHS. I yield to the gentleman.

Mr. LUFKIN. Are any shower baths installed there?

Mr. BURROUGHS. Absolutely no shower baths, as I am informed. Certainly the New Hampshire boys had none, and I understand there are no facilities for shower baths, or, in fact, any kind of a bath, furnished by the Government. I understood that the Maine regiment had rigged up some sort of arrangement for themselves, where they had four little pipes that they could go under and get something like a shower bath. Others may have adopted similar expedients; I do not know about that. What I mean to say is that, at least so far as the New Hampshire regiment is concerned, the Government of the United States has furnished them no bathing facilities whatever since they came to Camp Greene last November.

Mr. LUFKIN. If a man wants to get a bath, what does he do?

Mr. BURROUGHS. He goes either to the Young Men's Christian Association building at Charlotte, 3 miles away, or to some private house in the city. I want to say that my information is all to the effect that the townspeople generally have been most cordial and kind to these boys.

Mr. GANDY. Where do they get the drinking water for that camp?

Mr. BURROUGHS. Drinking water is obtained from the city of Charlotte. I understand there is no criticism whatever in regard to the drinking water or in regard to the food. So far as I can I want to praise conditions at the camp. The drinking water is all right and the food is all right. The men have plenty of it, and it seems to be good.

I found that the New Hampshire boys had not sufficient equipment. They seemed to have had sufficient clothing, including uniforms, shirts, shoes, overcoats, and other wearing apparel, but they were short in the so-called ordnance equipment, by which I mean rifles, belts, packs, pack carriers, and so forth. This regiment is organized for headquarters guard duties, and there might be some excuse for not equipping it with machine guns and other implements of modern trench warfare.

There can, however, be no excuse for not furnishing them with full equipment of rifles and the other ordnance equipment referred to. This has not been done. The men of this regiment

have substantially no rifles. The captain of one company, when I asked him how many rifles he had, replied: "I have four men now doing guard duty. Each of those has a rifle, and there in the rear of the tent you see all the rest we have." I looked where he pointed and counted the rifles, and there were just 14. Another captain told me he had 35 rifles for 242 men. I was informed that one battalion, consisting of about 1,000 men, had just 115 rifles. These rifles which the men have are not the modern rifles used at the front but are the old discarded and condemned Springfield rifles. They may be all right for the manual but can not be used at all for range practice. As I understand, they are not available for rifle practice. Gen. Pershing has recommended that before these men go to France they shall be instructed in range firing, and it is an utter impossibility for them to have this practice with the rifles they now have. Right here, let me say, that I feel considerable anxiety for the company commanders of this regiment, and, in fact, all regiments not suitably equipped. My understanding is that present Army regulations place entire responsibility for the training of the men upon the company commander. Also, I understand that when called to account for the lack of training of their men, it is no answer or excuse for the commander to say that he has not been supplied with adequate equipment. Especially is this likely to be the fact in view of the impression given by the Secretary of War that there are rifles enough. Whatever may be the condition with other regiments at Camp Greene, with respect to rifles, and whatever may be the condition at other camps in this regard, I state here and now, upon my own responsibility, that the men who compose the First Headquarters Regiment at Camp Greene have no adequate supply of rifles. I further state that the officers of this regiment made requisition months ago for rifles and other ordnance equipment and were informed that such equipment was already on the way and would soon be received. This was in December last. Shortly thereafter some equipment was received, but when the officials came to check it up with what they had requisitioned they found that instead the rifles, belts, packs, pack carriers, and other supplies and equipment they needed, and which had been asked for, all that had been actually sent them were mess pans and currycombs. [Laughter and applause.]

We also learned that men constituting the First Headquarters Guard Regiment at Camp Greene had had no opportunity for drill since sometime in December. I can not see how it would be possible for any man to drill under such conditions as I saw them at the camp last Saturday. Personally I had to have assistance in order to walk over the roads and paths of the camp, in order to maintain my footing in the mud and water.

Another matter that was forcibly brought to our attention on this visit was the overcrowding in the tents. The men all live in canvas tents about 16 feet square. Gen. Gorgas, the Surgeon General of the Army, has from the beginning repeatedly, and with great emphasis, urged and recommended in his official reports to the War Department that not more than five men be quartered in a tent. This would give them 50 square feet of floor space to each man, which he says is essential for the health and well-being of the men. Instead of that we found eight, and in one instance I counted nine cots in a single tent. My information was that this is the general condition throughout the camp, and I find this is confirmed by the official report made by the Surgeon General to the War Department on February 12.

I am glad to be able to state that in spite of the insanitary conditions referred to the sick rate at this camp has not been unusual. The hospitals are not overcrowded at the present time. We were informed, however, that there was a lack of medical supplies at the regimental hospital of the First Headquarters Guard Regiment. I did not, however, understand that this had been a matter of long continuance.

The only method of heating the tent is through the small field ranges, which are conical-shaped stoves about 2 feet high, and standing on a base about a foot in diameter. In these the men have been obliged to burn green wood which they have had to cut themselves, and my information is that there is a shortage even of this fuel at the present time. These ranges, as the Surgeon General states, are uneconomical and smoke indoors with any sort of wood fuel.

The great thing that I complain about at Camp Greene is the insanitary condition throughout the camp, due, in large measure, to the utter lack of any system for the disposal of sewage. This, I say, is without excuse. It is shameful. It is a disgrace to this great Government. Here are more than 40,000 men, the pick and flower of the young manhood of this country, ready to lay down their lives, if necessary, in defense of their country. All they ask is, if they have to lay down their lives, they may be allowed to do it on the field of battle under their country's flag

and fronting their country's foes. [Applause.] They do not want and the Government of the United States has no right to ask the boys to die ignominiously like rats in a mud pen. I can not too strongly emphasize my conviction that the conditions at Camp Greene, as my colleague and I saw them last Saturday, call loudly for instant and radical remedy. Whatever may be necessary or advisable elsewhere, there should be no further "watchful waiting" at Camp Greene.

In further substantiation of the statements I have made I present the official report of W. C. Gorgas, Surgeon General, United States Army, to the Secretary of War, dated February 12, 1918, four days before our visit to this camp. This report is taken from the Official Bulletin of February 14, 1918, and reads as follows:

#### REPORT OF GEN. GORGAS.

FEBRUARY 12, 1918.

##### Memorandum for the Secretary of War.

The wet weather and character of the soil at Camp Greene, Charlotte, N. C., together with the temporary nature of the camp, have brought about conditions which I wish to call to your attention and which may be summarized as follows from the last two reports of sanitary inspections of the camp:

##### GARBAGE REMOVAL STOPPED BY MUD.

Knee-deep mud has interfered with garbage removal by contractors, and quantities have been dumped or buried because of shortage of fuel for burning it.

Limited facilities for heating water for bathing over a period of several months has resulted in the men becoming dirty.

Water from the kitchens, baths, and overflowed latrines is removed by ditches, surface drainage, or stands in pools. The character of the soil will make it slow to dry out and, with the advent of warm weather, flies and other insanitary conditions may be anticipated.

The dirt floors of the kitchens will breed flies; the field ranges in use are uneconomical and smoke indoors with any wood fuel.

Shortage of supplies has held back the work on the detention camp for contacts until its overcrowded condition has led to the establishment of quarantine areas in the regiments; but reports upon this indicate that completion of the detention camp is preferable to continuation of the latter plan, especially since sufficient tent space and separate latrines and mess halls have not been available to make the regimental quarantine absolute in the areas set aside.

Work has been held up on the additional quarters for nurses by failure of material to arrive, and the same has affected progress on reconstruction of the operating and laboratory buildings of the base hospital, which were recently destroyed by fire.

Overcrowding to the extent of eight men to a tent, and occasionally more, is reported.

##### SICK RATES NOT NOTABLY HIGH.

Sick rates at Camp Greene are not notably high, and measles and pneumonia cases appeared on the decline at the last report; but the unsanitary conditions mentioned should be corrected without delay to prevent increased sickness and mortality which may result from their continuance.

It has been recommended that additional tentage be supplied the commanding general, Camp Greene, to enable him to quarter all men on the basis of five to a tent instead of eight. It is understood that this recommendation has been approved.

The immediate necessity, Camp Greene, is the installation of a sewer system for the entire camp, which is again urgently recommended.

W. C. GORGAS,

Surgeon General, United States Army.

Mr. ESCH. Mr. Chairman, I yield 20 minutes to the gentleman from California [Mr. HAYES].

Mr. DIES. Mr. Chairman, I make the point that there is no quorum present.

The CHAIRMAN. The gentleman from Texas makes the point that no quorum is present. The Chair will count. [After counting.] Eighty Members present, not a quorum, and the Clerk will call the roll.

Mr. BARKLEY. Mr. Chairman, I move that the committee do now rise.

The question was taken, and the Chairman announced that the ayes seemed to have it.

Mr. MAPES. Mr. Chairman, I demand a division.

Mr. GARRETT of Texas. Mr. Chairman, I make the point that the demand for a division is dilatory. The Chairman had announced the result.

The CHAIRMAN. The Chair thinks that the gentleman is within his rights. The question is, Shall the committee rise? A division is demanded.

Mr. SIMS. Mr. Chairman, I move in all good faith that the committee rise.

The CHAIRMAN. That is the very proposition on which the committee is dividing.

The committee divided; and there were 56 ayes and 5 noes.

So the committee determined to rise.

Accordingly the committee rose; and Mr. CRISP having taken the chair as Speaker pro tempore, Mr. GARRETT of Tennessee, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 9685) for the operation of transportation systems under Federal control, and had come to no resolution thereon.



Mr. SIMS. Mr. Speaker, I ask unanimous consent that when the House adjourns to-night it adjourn to meet at 11 o'clock a. m. to-morrow.

The SPEAKER pro tempore. The gentleman from Tennessee asks unanimous consent that when the House adjourns to-night it adjourn to meet at 11 o'clock a. m. to-morrow. Is there objection?

Mr. DIES. I object.

Mr. SIMS. Mr. Speaker, I move that when the House adjourns to-night it adjourn to meet at 11 o'clock to-morrow.

The SPEAKER pro tempore. That motion is not in order.

Mr. SIMS. I thought so myself when I made it.

Mr. DIES. Mr. Speaker, I make the point that no quorum is present.

Mr. KITCHIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 32 minutes p. m.) the House adjourned until to-morrow, Saturday, February 23, 1918, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1. A letter from the Secretary of the Navy, transmitting a tentative draft of bill "To amend section 13 of article 8 of section 1624 of the Revised Statutes of the United States, relative to the receipt on board a vessel of the Navy of goods, merchandise, or treasure, for freight or safe-keeping" (H. Doc. No. 954); to the Committee on Naval Affairs and ordered to be printed.

2. A letter from the Secretary of the Navy, transmitting tentative provisions of legislation relating to pay and indemnity of naval aviators (H. Doc. No. 957); to the Committee on Naval Affairs and ordered to be printed.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. ALEXANDER, from the Committee on the Merchant Marine and Fisheries, to which was referred the bill (S. 1546) "To permit the use of certain refined products of petroleum as stores on steam vessels carrying passengers," reported the same without amendment, accompanied by a report (No. 335), which said bill and report were referred to the House calendar.

Mr. MAHER, from the Committee on Labor, to which was referred the bill (H. R. 9683) "To employ prison labor for the production of war supplies and to authorize their purchase by the Federal Government; to regulate the compensation and hours of prison labor and fix standards; to prohibit the purchase of war supplies manufactured by prison labor under private contract; to limit the effect of interstate commerce between the States in goods, wares, and merchandise wholly or in part manufactured, mined, or produced by prison labor or in any prison or reformatory; and to equip the United States penitentiaries and the United States Army prisons and disciplinary barracks and the United States naval prisons for the manufacture of supplies for the use of the Government; for the compensation of the prisoners for their labor; and for other purposes," reported the same without amendment, accompanied by a report (No. 336), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. McKEOWN: A bill (H. R. 10159) to discharge from military service soldiers having dependents requiring their support; to the Committee on Military Affairs.

By Mr. STEELE: A bill (H. R. 10160) authorizing the several district courts of the United States to appoint official stenographers and prescribing their duties and compensation; to the Committee on the Judiciary.

By Mr. ANTHONY: A bill (H. R. 10161) granting pensions to certain enlisted men, soldiers, and officers who served in the Civil War; to the Committee on Invalid Pensions.

By Mr. TINKHAM: A bill (H. R. 10162) to provide further for the national security and defense by regulating rents of real estate in the District of Columbia; to the Committee on the District of Columbia.

By Mr. McCLINTIC: A bill (H. R. 10163) to define necessary skilled labor engaged in necessary agricultural enterprise for the purposes of the selective draft, and to provide for the deferred classification of such labor; to the Committee on Military Affairs.

By Mr. RIORDAN: A bill (H. R. 10164) making an appropriation for the improvement of the Arthur Kill River, N. Y.; to the Committee on Rivers and Harbors.

By Mr. PARK: A bill (H. R. 10165) to define necessary skilled labor engaged in necessary agricultural enterprise for the purposes of the selective draft, and to provide for the deferred classification of such labor; to the Committee on Military Affairs.

By Mr. MASON: A bill (H. R. 10166) to grant the survivors of the Civil War and the War with Spain, or the widows or minor children of such soldiers, a land warrant in lieu of the homestead grant; to the Committee on Pensions.

By Mr. STEENERSON: Resolution (H. Res. 256) directing that there shall be printed 1,600 copies of the hearings before the Director of the Bureau of Markets, December 27, 1917, relating to the official grain standards of the United States; to the Committee on Printing.

By Mr. CLARK of Missouri: Memorial of the Legislature of the State of Montana favoring the appropriation of \$750,000 for the Flathead irrigation project for the ensuing year; to the Committee on Indian Affairs.

By Mr. GALLIVAN: Memorial of the Legislature of the State of Massachusetts, favoring the creation of a league of nations to safeguard permanent peace upon the termination of the present war; to the Committee on Foreign Affairs.

Also, memorial of the Legislature of the State of Massachusetts, favoring the ratification of regulations establishing a closed season on water fowl; to the Committee on Agriculture.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ASHBROOK: A bill (H. R. 10167) granting an increase of pension to Eli Pealer; to the Committee on Invalid Pensions.

By Mr. CARAWAY: A bill (H. R. 10168) granting a pension to J. P. Dooley; to the Committee on Pensions.

By Mr. DENTON: A bill (H. R. 10169) granting an increase of pension to Garrison J. Jaques; to the Committee on Invalid Pensions.

By Mr. DOWELL: A bill (H. R. 10170) granting a pension to James W. Hall; to the Committee on Invalid Pensions.

By Mr. HAMILTON of Michigan: A bill (H. R. 10171) for the relief of Alonzo Hannis, alias Albert Webb; to the Committee on Military Affairs.

By Mr. KAHN: A bill (H. R. 10172) granting a pension to Mary Morgan; to the Committee on Pensions.

By Mr. KREIDER: A bill (H. R. 10173) granting a pension to Sarah L. Seltzer; to the Committee on Invalid Pensions.

By Mr. LESHER: A bill (H. R. 10174) granting an increase of pension to Charles G. Mack; to the Committee on Invalid Pensions.

By Mr. McANDREWS: A bill (H. R. 10175) for the relief of John Berrin; to the Committee on Military Affairs.

By Mr. NOLAN: A bill (H. R. 10176) granting a pension to Mary L. Greenwood; to the Committee on Invalid Pensions.

By Mr. RAMSEYER: A bill (H. R. 10177) granting an increase of pension to George Barrows; to the Committee on Invalid Pensions.

By Mr. RUSSELL: A bill (H. R. 10178) granting a pension to John Osborn; to the Committee on Invalid Pensions.

By Mr. SANFORD: A bill (H. R. 10179) granting an increase of pension to James C. Moore; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10180) for the relief of Charles Springer; to the Committee on Military Affairs.

By Mr. SNOOK: A bill (H. R. 10181) granting an increase of pension to James I. Sherwood; to the Committee on Pensions.

By Mr. ZIHLMAN: A bill (H. R. 10182) granting an increase of pension to Charles E. Welker; to the Committee on Pensions.

By Mr. TOWNER: A bill (H. R. 10183) granting a pension to Clara S. Ickis; to the Committee on Pensions.

By Mr. WELTY: A bill (H. R. 10184) granting an increase of pension to William W. Counts; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10185) granting a pension to Hattie E. Kerst; to the Committee on Pensions.

## PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By Mr. CARY: Petition of 20 women students of the University of Michigan; also resolutions of the Browning Club, Athens, Tenn.; the Arkansas Press Association; Abingdon (Ill.) Woman's Club; and the West Pullman Woman's Club, Chicago, Ill., asking for the repeal of the second-class postage provisions of the war-revenue act; to the Committee on Ways and Means.

By Mr. CLARK of Pennsylvania: Petition of A. F. Young Burgess, president of the council; H. D. Johnson, clerk of the council; F. W. Casler, and 18 other residents of Union City, Pa., praying for the passage of House bill 7995, for the preservation of the *Niagara*, Commodore Perry's flagship in the Battle of Lake Erie; to the Committee on Naval Affairs.

By Mr. DALE of New York: Petition of 20 women students of the University of Michigan; also resolutions of the West Pullman Woman's Club, Chicago, Ill.; the Abingdon Woman's Club, Abingdon, Ill.; the Browning Circle, Athens, Tenn.; and the Elective Study Club, Minneapolis, Minn., asking for the repeal of the periodical postage provisions of the war-revenue act; to the Committee on Ways and Means.

By Mr. DALE of Vermont: Petition of the First Division, Vermont Branch, Railway Mail Association, favoring the increase of compensation of railway-mail clerks, as provided in House bill 9414; to the Committee on the Post Office and Post Roads.

By Mr. FULLER of Illinois: Petition of the Westminister Association of the University of Michigan, for repeal of the second-class postage provisions of the war-revenue act; to the Committee on Ways and Means.

By Mr. HILLIARD: Resolutions adopted by Mount Garfield Lodge, No. 349, Brotherhood of Railroad Trainmen, protesting against legislation designed to place transportation employees under Federal workmen's compensation; to the Committee on Labor.

Also, resolutions adopted by the Farmers' Cooperative Grain Dealers' Association of Iowa, protesting against any legislation designed to guarantee dividends to railroads during the period of Federal control; to the Committee on Interstate and Foreign Commerce.

Also, petition of H. Horwitz and M. Ball, of Denver, Colo., praying for the repeal of that section of the war-revenue act providing for increased postage rates on periodicals; to the Committee on Ways and Means.

By Mr. LOBECK: Petition of the Nebraska Improved Live Stock Breeders' Association, recommending the provision in the Agricultural appropriation bill for the prevention of tuberculosis among live stock; to the Committee on Agriculture.

By Mr. MAHER: Resolution of the Brooklyn Surgical Society, favoring House bill 9563, advancing the rank of medical officers in the Army; to the Committee on Military Affairs.

Also, memorial of the heads of the various organizations of railroad employees asking that no definite time be set for the return of the railroads to their owners; to the Committee on Interstate and Foreign Commerce.

Also, resolution of the New York State Forestry Association, favoring Senate bill 3344, establishing a plant quarantine on imported plants; to the Committee on Agriculture.

By Mr. STINESS: Petition of the League of Improvement Societies of Rhode Island, favoring the passage of the daylight-saving bill; to the Committee on Interstate and Foreign Commerce.

Also, resolutions offered at a mass meeting, held at Pawtucket, R. I., under the joint auspices of the Young Men's Christian Association and the Rhode Island Anti-Saloon League, favoring the complete suppression of the liquor traffic, either by the President under the power granted to him by Congress or by further legislation; to the Committee on Agriculture.

By Mr. TEMPLE: Petition of the Chartiers Presbyterian Church, Canonsburg, Pa., favoring an amendment to the Constitution of the United States, prohibiting polygamy; to the Committee on the Judiciary.

Also, petition of the council of the city of Pittsburgh, Pa., favoring the further improvement of the Ohio River and the passage of a bill providing for the construction of the Lake Erie-Ohio River Canal; to the Committee on Rivers and Harbors.

By Mr. TILSON: Petition of the New England Tobacco Growers' Association, concerning the limitation of tobacco growing; to the Committee on Agriculture.

By Mr. VARE: Petition of the Women's Trade-Union League of Philadelphia, protesting against insanitary conditions at the Frankford Arsenal; to the Committee on Military Affairs.

## HOUSE OF REPRESENTATIVES.

SATURDAY, February 23, 1918.

The House met at 12 o'clock noon.

Rev. Earle Wilfley, pastor of Vermont Avenue Christian Church, Washington, D. C., delivered the following prayer:

Almighty and most merciful God, our Heavenly Father, whose we are and whom we serve, we would begin each day's duties rightly, and therefore do we plead for Thy divine guidance upon the session of this day. We pray, Heavenly Father, that into our minds may be put the truth that makes men free, into our hearts the human kindness that makes men loving, and the justice that is over all. We pray, Heavenly Father, that as we go on the journey we may have the guidance of Thine eye, the strength of Thine Almighty arm. Bless this distressed globe; especially bless our own beloved land. Put wisdom into the hearts and minds of those in power in the halls of legislation, in the marts of trade, and in the great thought of the people. We pray, Almighty God, that each man in his own way and in his own time may deal justly with his fellow man, so that to-day, Heavenly Father, we do pray that justice and right may prevail; that from the session of this day good may follow; from the minds of these men, Thy servants, the leaders of our people, may go that which will strengthen us in the eyes of the world, and win Thy approval. Bless all that may be dear to us as individuals and as representatives of a great free people, and in our relation to our brother man, in our relation to the nations of the world, may there be such exact and even justice, such cordial and sympathetic friendship, as that in the ages to come generations unborn may look back and say, The deeds of those great days were well done. God hear us, answer us in Thy wisdom, and to Thine own Divine end we ask, for Thy name's sake. Amen.

The Journal of the proceedings of yesterday was read and approved.

## QUESTION OF PRIVILEGE.

Mr. WALSH. Mr. Speaker, I rise to a question of the privileges of the House.

The SPEAKER. The gentleman will state it.

Mr. WALSH. Mr. Speaker, in the Record of February 19, 1918, under permission granted to the gentleman from Kentucky [Mr. Powers] on February 6, appears an extension of remarks, a part of which are the remarks made by the gentleman from Kentucky [Mr. Powers] upon the alien-slacker bill, so called. The greater part of the extension consists in—

Mr. LANGLEY rose.

The SPEAKER. For what purpose does the gentleman from Kentucky rise?

Mr. LANGLEY. I desire to make a suggestion to the gentleman from Massachusetts.

The SPEAKER. Does the gentleman from Massachusetts yield?

Mr. WALSH. Yes.

Mr. LANGLEY. I want to call the gentleman's attention to the fact that my colleague, Mr. POWERS, is not here this morning. I do not know whether he will be here to-day or not, but I suggest to the gentleman that it would seem better, and especially in view of the fact that there is no need of action on this matter immediately, that he wait until Mr. POWERS can have an opportunity to be present, so that he may say whatever he desires to say in answer to the comments of the gentleman from Massachusetts or of anyone else who may discuss the proposition the gentleman is raising.

Mr. WALSH. Mr. Speaker, if the colleague of the gentleman from Kentucky, Mr. POWERS, can give me any information as to when he thinks he will be here, I will be glad to have him do so.

Mr. LANGLEY. I can not. I have not seen my colleague from Kentucky to-day. I do not suppose he knows that this matter is to be brought up. I am acting entirely on my own initiative and on what seems to me to be the proper course. I feel it my duty to make the suggestion I have, and that is as far as I can go.

Mr. WALSH. Mr. Speaker, I have no desire to seem to be taking advantage of the gentleman from Kentucky in any way, and at the suggestion of his colleague I desire to say that I am willing to forego raising this question at this time, but I wish to give notice that I shall bring it up on Monday or Tuesday of next week.

## MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Waldorf, its enrolling clerk, announced that the Senate had passed bill of the follow-